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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, JANUARY, 1921.

NUMBER ONE

Excerpts from the Governor's Message to the Legislature

"Economy must be exercised, but economy of a proper kind. * * * * *

Arizona is a growing state and it naturally follows that her financial expenditure must keep pace with her development. But this does not mean that we cannot sacrifice in many ways without harmful effect. * * * * * Our major industries, mining, agriculture and livestock, have reached a point close to a crisis. * * * * * We should not hesitate to discard what we have found to be useless. * * * * * I know of no one thing more important to the development of the state than the maintenance of industrial peace. * * * * * I believe that the highest duty the state has to perform is to educate its citizens. * * * * * that the end can be accomplished with less expenditure of public funds than at present. * * * * * We are here at the mandate of the people and must conscientiously fulfill our obligation."

EDITORIAL COMMENT

A Measure to Provide for Budgets of and for County, City and Town Expenditures

From a business standpoint the matter of handling state, county and city funds has presented many questions for discussion at all times since statehood, and this discussion has included questions involving the power of Board of Supervisors and city and town authorities pertaining to the matter of creating debts and liabilities for purposes not mentioned in the items of expenditures adopted for the year or years under discussion; included also the question of exceeding the amount specified in the actual estimates as to the purposes therein provided for; and in that connection the creating of debts and liabilities against the county, city or town, which became sources of annoyance to the holders of warrants issued in excess of funds provided and the perplexities incident to the matter of handling these deficits and at the same time keeping within the ten per cent limit as to the amount to be raised for "general fund" in the next year.

Since several of the counties have been laboring under large deficits which have accumulated from year to year and the Boards of Supervisors and the councils of cities have in some instances found that substantially the entire amount of money actually received from the first installment of taxes was immediately absorbed in the payment of warrants representing those deficits, and leaving the treasurer without funds with which to pay their current and accruing expenses of the year for which those taxes were provided.

With a Budget Law for Cities, Towns and Counties, the Budget System of the State Will Be Complete

The question of government budgets, the question of state budgets, and the general question of budgets is one which has finally come to be in favor with the public. The magazine, therefore, takes pleasure in bringing to the attention of its readers a proposed law which has been introduced in the Legislature and by way of amendment to Paragraphs 4839, 4840, 4842 and 4844, Revised Statutes of Arizona, 1913, and in its amendments defines the intended scope of the much discussed "ten per cent

limit" upon the tax levies for General Fund and road purposes and so to require the annual proposed estimate of expenditures to be not only an estimate of such expenditures, but when finally adopted, to be a controlling factor as to the purposes of expenditures, the amount expended and the prevention of the creating of deficits by over expenditure or by encumbering funds with liabilities in one year to be met by taxes of an ensuing year.

The law as presented requiring a complete statement of the financial condition of every city, county and town in the State of Arizona, showing the actual expenses, the actual liabilities incurred, the actual balances unexpended in funds, the unencumbered balances of such funds, and in fact, such a statement that when presented to the tax payers of the state, or of any county, city or town, they can see exactly the situation surrounding the public finances of that city, town or county. Every feature, item and purpose for which expenditures are proposed to be made for a given year, will and must be presented in the estimate. The estimate will show what it costs to run the city, county or town for the previous year, side by side with the proposed expenditures of the current year, so that tax payers may compare actual results with contemplated and proposed activities for the new year.

From the proposed law we quote as follows:

4840. It shall be the duty of the board of supervisors of each county, and the city or town council, or other governing body of each incorporated city or town in this state, not less than thirty days prior to the date on which the regular annual tax levy is made, to prepare a statement covering the items and details of purposes of expenditures made for the fiscal year last past and as included in the adopted estimates for expenditures for that past year with a statement of all actual expenditures of that year, a statement which will also show contingent claims, encumbrances upon funds, if any, balances of funds, and to be otherwise a full and complete statement of the financial affairs of the previous year; and to connect therewith an estimate of the different amounts which may be required to meet the public expense for the ensuing year, therein fixing amounts pro-

posed for all subjects which are recurring items of expense, with such an amount for contingency or emergency expenses as may occur, but which cannot be anticipated in advance. The said estimate shall contain a statement of the amount of money required for each item of expenditure necessary for county, city or town purposes, together with the amounts necessary to pay the interest and principal of the county, city or town bonds, as provided by law, and the items and amounts of every special levy by law provided to be assessed, levied and collected upon the tax rolls of each year. and the said estimate shall be entered upon the minutes of the board, council or commission. Such estimates shall be fully itemized, showing under separate heads the amounts proposed as to be required for each department, public office and public official, for each public improvement, for the maintenance of each public building, structure or institution and for each school, and the salary of each public officer, and shall show amounts proposed for the maintenance of public highways, roads, streets and bridges, and the construction, operation and maintenance of each public utility, and shall contain a full and complete disclosure and statement of the contemplated expenditures for the ensuing year, showing the amount proposed to be expended from each separate fund, and the total amount of proposed public expense for the ensuing fiscal year: Said statement shall also contain a statement of the receipts for the previous year from sources other than direct property taxation and show the amounts actually levied and amounts actually collected for county, city or town purposes upon the tax rolls of the previous fiscal year and shall show the amount proposed to be raised by taxation upon the real and personal property of such county, city or town, for the said ensuing year. All of which estimate shall be spread upon the records of such boards and bodies. The total of amounts in such estimates proposed for expenditures shall not exceed by ten per centum the aggregate of actual expenditures the previous year, exclusive of expenditures for school bond, special assessment and district levy purposes. The State Tax Commission shall provide forms suitable for the preparation of such estimates, and which forms shall be used by the various counties, cities and towns of this state for the purposes designated herein.

4842. It shall be the duty of boards of su-

pervisors, city and town councils, or other governing bodies of incorporated cities and towns, to meet one week previous to the day on which they levy taxes, and at the time and place designated in said notice, when and where any taxpayer who may appear shall be heard in favor of or against any proposed expenditure or proposed tax levies. When such hearings shall have been concluded, such board of supervisors, city or town council, or other governing body of incorporated cities and towns, shall adopt the estimate as finally determined upon, and which estimate shall become and be adopted, and no expenditure shall be made for a purpose not included in such budget, and no debt, obligation, or liability shall be incurred or created in any year in excess of the amounts specified therein as an amount proposed and finally adopted for each purpose therein named; nor beyond the amounts therein proposed and adopted to be raised by taxation, except when the other sources of revenue have been and are first received by the county, town or city as a means of liquidating such extra obligations and liabilities.

4842-A. In the event of epidemics of disease, or acts of God, which result in damage or disaster to the works, building or property of a county, city or town, or which menaces the life, health or property of any considerable number of persons therein, and the results of which have not been anticipated in the budget as above in this Act provided for, or in the event of other emergency, and which may require an incurring of liabilities or expenses in connection with the restoration of works, buildings, or property, or removing the menace above referred to, or caring for the emergency, and restricted to cases where no other funds have been provided, or appropriated therefor, the Boards of Supervisors, the Council, Commission or governing bodies of cities and towns affected by such acts or conditions, may present to the Tax Commission, in writing, the facts as to the particular emergency under the classes above specified, which may require the incurring of a liability during any fiscal year, and therein specify an amount which is deemed necessary for the purposes of that emergency, and the Tax Commission shall cause a notice of such application to be published at least once in the official paper for publishing of notices of proceedings of the respective county, city or town and therein give notice of such application and of the time and place where such application will be heard and determined, and fixing the date of such hearing not later than ten days after filing of the application. At such time and place any interested taxpayer may appear and present reasons, either in favor of or opposing the application. If it appears to the Tax Commission that the emergency does exist, it may make an order declaring such an emergency and fixing therein an amount of liability which may be incurred, but not

to be exceeded by the applicant county, city or town in meeting such emergency. Records of such orders shall be kept in the records of the Tax Commission and in the records of the official proceedings of the county, town or city affected thereby. The officials of the county, city or town may thereafter incur liabilities and warrants may be drawn and issued therefor to an aggregate not exceeding the amount so allowed by the Tax Commission, and the tax levy of the next fiscal year for that county, town or city shall include a separate item to cover the aggregate of all such warrants, which have not been paid and cannot be paid with balance remaining to the credit of the general funds after other expenditures and liabilities thereon have been liquidated and tax levies for such emergency liabilities shall not be subject to the ten per cent limit provided for in other paragraphs of this Act.

That State Tax Commission in addition to other powers now conferred upon it, and in addition to the duties now required of it, by law, shall have full power to and it shall be its duty to perform and do all things required by this Act, to be done or performed by said Commission. The hearings as provided for in this section may be conducted by any Tax Commissioner, but the orders made shall be so made by the Tax Commission, and shall be final orders.

4842-B. In the event that any deficits or liabilities exist in any county, funds or accounts exclusive of bond, school, assessment or special district funds, at the time that this Act takes effect, it shall be the duty of the Board of Supervisors to forthwith provide means whereby such deficits and liabilities shall be paid and if necessary such Board of Supervisors shall at once declare that an emergency exists, certify the same to the State Tax Commission as provided for in this act and petition said Commission for approval to levy special tax for the current year upon the property in said county subject to tax for the payment of such deficits or such portion thereof as in the judgment of the Commission should be paid by said tax and said tax shall be added to the levies in said county for the year 1921 and be subject to the provisions of this Act respecting such emergency levy, it being declared whereby that it is the intention that no deficits in the county funds mentioned shall be carried from one fiscal year to another except under the terms and provisions of this Act.

4844. The board of supervisors of each county, on or before the third Monday in August in each year, and the board, council or commission of every town and city in this state, within that same period, or on such date as may now be fixed for so doing, shall fix, levy and assess the amount of taxes to be levied for the purposes of their respective county, city or town, and then designate the amounts which shall be levied for each purpose which appears in the finally

adopted budget, and fix and determine a rate on each one hundred dollars of the taxable property shown by the finally equalized valuation of property, (less exemptions) appearing upon the tax rolls for such fiscal year, which when extended upon those valuations will in the aggregate produce the entire amount to be raised by taxation for city, town or county purposes of that year. **Provided:** That no budget estimate shall be finally adopted, the aggregate amount of which will propose or include amounts to be raised by taxation for purposes (other than for schools, interest on bonds and for installments of principal of bonds due and to become due within the fiscal year, or for special assessment levies, and special district levies) which shall be an amount which will require a tax levy to be made for an amount to be levied and collected in taxes for purposes other than those specially excepted, which will exceed by more than ten per centum the amount levied for such purposes (other than above excepted purposes) upon the tax rolls of the preceding fiscal year and after excluding the emergency liability levies as hereinafter provided."

It will be noticed in connection with the proposed law that provision is made therein under which present floating indebtedness may be taken care of by a special tax levy for that purpose. With that floating indebtedness once taken care of, and the other provisions of the proposed law enforced, there will be no further deficits in the future. It will also be noted that provision is made under the proposed law under which, in the event of any emergency such as contemplated in the expression "acts of God and unforeseen contingencies" such emergencies may be taken care of under the supervision of the State Tax Commission; and the emergency debts thus created taken up by special tax levy on the rolls for the next year.

Experience in a Dual Costs of Government Affords Basis for a Budget Which Will not Impair Efficiency

After repeated changes in the county, city and town governments having run since statehood with the benefit of the experiences incident to the change from conditions under territorial law to the new conditions under statehood, with the actual necessities of each county, city and town presented, from the experiences of nine years in actual results, there seems to be no reason why a strict budget system cannot be provided for, and which applied to the financial affairs of county, city and town, which will in the least impair or curtail the proper public activities of either.

(Continued on page four)

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A MEASURE TO PROVIDE FOR BUDGETS OF AND FOR COUNTY, CITY, AND TOWN EXPENDITURES

(Continued from page 3)

The provision of the new law permitting an increase of not to exceed ten per centum in one year over the tax levy of the previous year of the General Fund and County Road Fund, should provide funds sufficient to meet the developments of county, city and town business incident to an increase of the population, and the demands of the public. The expenses of such offices as collect fees for services rendered to the public will not enter into the ten per cent limit feature for the simple reason that the increased expense in conducting those offices will be met by the increase in fees received on account of services rendered the public, and thus the other sources of revenue available in addition to the permitted increase of tax levies, will be ample in that regard.

The magazine is for a budget system, and the theory and effect of such a budget system will follow upon the adoption of the proposed law above presented. With a full presentation of what is proposed to the public, the magazine affords every taxpayer an opportunity to

point out and be heard upon features thereof which, for any reason, may be objectionable; and after such features are brought to the attention of the Legislature, that body in turn may so alter what is so proposed as to perfect such a budget system as is contemplated by the proposed law, and do so without destroying the required elements of such a system.

Arizona has accepted advanced ideas

in legislation upon all subjects and should not be in the van when it comes to perfecting a budget system, and with the common view expressed by the Legislature in favor of regulating the expenditure of public money there is no doubt that the only problem will be to give effect to what the Legislature has in mind, and it is believed that the above measure will give that effect in its main and essential features.

HOW TO DO IT

The public of Arizona is to be congratulated upon the fact that its representatives in the present Legislature are unanimously imbued with the idea of economy pertaining to the public expenditures of the next biennial period in connection with all public activities.

It can be safely said that never before since statehood has the Legislature been apparently so unanimously of one mind to the same end, and there seems to remain nothing in the way of providing an economical administration of public affairs except it be in a line of detail as to just what laws must be enacted to accomplish that end. In other words, the desire for economy being present the only remaining question to be answered is "How To Do It."

The "Budget" Presents Many Features "How" It May Be Done

It is hardly to be expected that the wheels of state government can be entirely stopped along the line of any of its established and necessary public activities. The most that can be expected is that over-expenditures may be curtailed, and the possibility of over-expenditure removed, by closely pruning the items of the General Appropriation Bill which deals with the expenses of such activities. The manner of doing this is up to the Legislature, the means of arriving at the facts which will in any case warrant a reduction in an appropriation is ready at hand in the first Arizona State Budget for 1921. That budget presents the total revenue from all sources, including taxation, and shows the amount apportioned to the various funds and to every fund representing a purpose of public activity. It presents to the members of the Legislature facts and figures and ready information as to matters pertaining to future appropriations which former Legislatures were obliged to ascertain by resort to various and sundry reports.

Budget Presents a Basis for Possible Consolidation or Elimination

That same budget brings forward under the many general heads, by departments, institutions and offices the lesser activities under the supervision of each, and shows with each of such lesser activities the appropriation for expenditures and requests for appropriations with the amount recommended in each case. With these figures before him, or her, the legislator can inquire as to the real purpose, the real necessity, and ascertain the result and thus weigh the advisability of decreasing or increasing the appropriation in each case. Grouping together as the budget does group them, all of the activities of each department, all of the funds available for each activity, and the activities themselves designated, the budget furnishes a start towards the "bunching" or grouping of activities along similar lines when conducted by one department, or a similar grouping of activities for the same general public purpose by putting all such activities under one department, and if necessary, eliminating duplication even to the extent of abolishing an office or department whose existence is warranted only by some special line of public work which can as well be performed as an incident to some other branch of work by another department.

The Budget Shows Instances where Specification as to Detail May be Desirable in Connection With Appropriation of Blanket Amounts Only

The figures and listings of activities in the Arizona State Budget shows just where interlocking activities exist, as to which the same officers, the same corps of assistants, and the same general supervision exists, as to the control and use of different funds. For illustration, an examination may be made of that part of the budget devoted to "University Funds". If the figures shown in that connection are compared with the figures

in the last general appropriation bill, the idea that the appropriation of \$215,-312.27, for "Maintenance of the University," was the amount actually available for the maintenance of that institution, or the idea that the latter amount was the entire amount actually used for the maintenance of the university, that general idea is dispelled when it appears that the actual total of all funds available for the support and maintenance of all activities conducted under the general head: "University of Arizona," amounted to \$703,125.67. In the case of the University, and the above available funds, while the appropriations are specific in amount, the legislature has wholly failed to make any provision whatever as to any scale of salaries, wages, kinds or character of expenses which may be incurred by the university heads, when it comes to the matter of using those funds. The same person may, for all that appears in any law regulating against it, draw salary or draw expense allowances, on account of connection with different departments of the university. The expenditures actually made may or may not be necessary, the point suggested is, that the power to use all available funds is at present unlimited. The further point is, that if in the opinion of the legislature, too much is available, or too much unlimited power to spend is present in the instance referred to, legislation is needed to limit both.

"Contingent" Funds for Contingent purposes Only. Not to Cover Intended Fixed Charges

The budget shows several instances of appropriations to "contingent fund" as an expense fund to various offices. An examination of the list of employees in those offices, whose positions are designated and salaries fixed, shows what may be an intent upon the part of the legislature to provide specifically for each and every employee which the legislature deems necessary for all the purposes of such an office. An examination of the actual pay-rolls of these offices discloses the fact that several additional salaries are carved out of and paid from these contingent fund appropriations. Thus the real meaning and purpose of a contingent fund appropriation is converted into channels of fixed and certain expenses. If a legislative survey of the several offices and departments show the salary requirements of that office, plain legislation designating those requirements will prevent an addition to the list under the disguise of "contingent expenses". In other words, when the legislature intends to make specific provision for the actually continuing and known to be specific expenses of any of-

fice, it should so provide that no additions thereto be made under the head of "contingent".

"Specific" Amounts Should Be Designated to Cover Otherwise "So-much-as necessary" Appropriations

There are still many so-called **continuing appropriation** clauses mingled in the provisions of the code. Those "so-much-as-may-be-necessary" clauses which have been the means of unlimited expenditure in the past. The clauses cannot be amended out of the law by any provisions in a general appropriation bill. The specific sections wherein those clauses appear must be amended, by re-enacting the provisions as to powers, and eliminating the open language as to "so much as may be necessary" therefrom. With that done, the general appropriation bill should contain specific amounts provided for each purpose embodied in those amended sections. With both of these steps taken, when the legislature has completed its labors, it knows what it has appropriated.

Are Other Sources of Revenues to Be Added to or Deducted From Specific Appropriations

The Arizona State Budget shows in connection with every department and office, the amounts of specific appropriations thereto, and the amount of other sources of revenue which is available for each such purpose. With respect to this situation, the legislature must answer the question presented in each case, of how much is to be expended. Are other sources of revenue to be added to the specific appropriation, or deducted therefrom when it comes to spreading tax rates. Certain and specific language is necessary to clear up these questions. If the legislature intends the amounts specifically mentioned in their general appropriation bill to be the entire amount to be used for any purpose, some language referring to other funds must be used referring to how much of same are to be treated as a credit upon that specific amount, leaving as near a known balance as possible to be raised by taxes.

Legislation Necessary to Make Idle Balances Active, and Decrease Tax Levies Accordingly

As it is the intention of the Legislature to relieve taxpayers from unnecessary present burdens of taxation during the ensuing biennial period, legislation will be in order which will relate to the matter of disposition of unexpended balances of all funds, state, county and city, to the end that the business of each fiscal year is closed by discharging all liabilities incurred on account of

that year against any fund, any balance remaining be treated as available and as a credit against appropriations made for a new year for the same purposes and funds, and levy only the balance after making such credit as an amount to be raised by tax. And an examination of the entire state budget will disclose different funds as to which this legislation may be directed. And all one fund not disclosed by reference to the budget and which relates to interest upon bonds issued by the State of Arizona to refund bonds originally issued by Maricopa, Coconino, Pima and Yavapai Counties. The state auditor's report discloses that from interest upon sales of land out of the million acre grant appropriated by Congress to take care of those bonds, and from rentals of land selected for that grant, there is an amount in the state treasury sufficient to pay the interest on these bonds. Some uncertainty still exists as to the right to levy a specific tax in those counties for the purpose of paying that interest, notwithstanding above fund. It seems perfectly plain that the funds arising from interest and rental should be used for that purpose and no further funds raised until the present fund is entirely exhausted. With this situation cleared the taxation in those counties will be decreased in the aggregate of approximately seventy thousand dollars a year.

In connection with this same subject of utilizing balances and a matter not appearing in the budget, is the unexpended remaining balances in the state common school fund represented by balances in the county treasuries and to the credit of special school districts throughout the state, a total of \$1,722,-166.04, from which after deducting \$393,056.13 of funds raised by bond issues for building purposes, leaves the real unexpended balance. After making provisions for maintaining such balances as may be necessary to pay teachers' salaries and the expenses of operation of schools for the period from the time the schools open in the fall until the first installment of taxes comes into the treasury, further continued balances seem to be unnecessary. And with those balances remaining undisturbed in the county treasuries, or remaining therein to the credit of school districts, some legislation should be directed to making these balances available as credits and deducted from the amount to be taxed for school purposes for the new year, making allowance, however, for the period between the opening of schools and receipt of tax monies in the new fiscal year. In other words, the taxpayers of the state should not be called upon to contribute more in the way of tax funds with money idle in the treasury in

excess of the amounts needed for different purposes, and actually available for use without further tax levy.

This article can only deal with gener-

alities under the head of "How To Do It". The legal department of this association stands ready to be of assistance to any legislator who may desire to in-

itiate the specific laws covering specific instances where it is desired to act upon the general subjects treated in this article.

Revising Our School System for Economy and More Uniformity

In the message to the legislature, the governor went at considerable length into the question of a difference in cost of maintaining schools in different localities of the state, difference in cost per capita, using for comparisons in that regard, towns where ordinary conditions which might operate to increase or decrease those costs are similar. The gist of the matter as presented in that message, and the message presents the subject in its true aspect, is that while the state raises the greater portion of the money for school purposes either by direct taxation or through other sources of revenue, and while the constitution aims at a per capita distribution of state funds among and for the benefit of every pupil of school age, as a means of providing and maintaining a uniform system of common school education throughout the state regardless of local conditions, there is notwithstanding the purpose, a failure to effect that purpose, due to the continuation of local school district control as to the actual use of funds in their application to school purposes.

"We should not hesitate to discard what we have found to be useless, or manifest reluctance to keep step with progress by accepting what is new," says the Governor in that message. Connected with that utterance, is the idea that if a centralization of powers under which our schools are to be directly controlled, is a step really necessary to, and a step which if taken, will tend to better results at lessened cost of maintaining

schools, that centralization should be provided for in our newly enacted law. In other words, if the present powers and activities of local school boards call for unnecessary expense, and at the same time actually work against the intended equality and uniformity among the different schools in the state, those powers must be discarded, curtailed or revised. The state cannot afford to cling to old methods of conducting district schools for sentimental reasons, or for reasons of any rule of "self-governing" that may have controlled in the past, when those old methods no longer serve the best needs of the people of the whole state. The whole people furnish the funds for supporting the schools, the nearer that whole people get to the point where the immediate officers chosen by all, have power to go through with plans adopted for and in the interests of mutual advancement in educational ideas, the nearer an approach is made to the same rule applied to those funds, which in the past supported the plan of school district boards. The inception of the school district control idea came from the fact that the people of each district furnished the funds and provided their own schools. Carrying that same idea to its logical conclusion and applying it to conditions already existing in Arizona, fairness to the people of the whole state, and fairness to the people of each county who are so called upon to contribute funds towards the support of all schools of the whole state, requires that the people who pay, shall

have power to direct and control. So far as school funds are concerned the lines of school districts have been eliminated already, the county is the district which furnishes the funds. It only remains to make the re-districting idea complete by placing the power of control of those funds in officers who represent the already enlarged district of people supplying the funds. There is no argument which can be advanced in favor of retaining the old boards of trustees their old powers unimpaired, which is not equally an argument and reason for abolishing those boards for reasons above stated.

It is up to the legislature to provide new laws under which the foregoing changes can be made, that is, if the legislature also concurs in those ideas. Random shots at particular paragraphs of the present school laws, by amending in part some isolated portion thereof, will not do the required work, will not effect the intended purpose. Close revision is necessary. If the whole session of the legislature resulted in no more than the adoption of a new and complete school code, along modern lines and along the lines generally conceded to be best for the future development of our schools, that session would be more than worth its cost to the people. The basic slogan of that revision is to discard what is no longer consistent either with efficiency or with economy, and bring forward such changes as speak both for higher efficiency and greater economy.

Some Features Pertaining to Automobile Licenses

The reason for imposing any license fee at all upon automobiles and other motor vehicles is one rising in part from the extra wear and tear upon highways through traffic thereon of those vehicles.

The idea of any license tax is based upon the fact of some reason why the subject of such a license tax, calls for more than ordinary public attention in the way of regulation, control, or otherwise, which supports the extra direct

burden upon that subject. Coupled with the idea of a license tax based upon above reasons, comes still another reason for such licenses. That reason is to make the traffic pay some proportion of what it costs the public in outlay directed to, and directly for, the immediate benefit of that traffic. In Arizona, some 35,000 automobiles are using present roads, their owners are demanding still more and more in the way of road-building for their direct benefit. In the whole

country, there is one motor vehicle to ten persons. The growth of the automobile industry, the increased use of automobiles, for both pleasure and business, have increased public burdens for highway construction and highway maintenance. More of an increase than would have existed except for automobiles. Therefore, the added reason for imposing license taxes upon automobiles, their owners demand good roads, their owners use all roads, and are in the large

majority among the users thereof; that use wears out the roads, both old and new. Impose a license tax to the end of equalizing the matter of cost to the public of what it furnishes for those owners, by adding a little extra burden upon owners for extra benefits conferred by the public.

The license tax is justified by the foregoing, so far as between autoists and the balance of the public, one as against the other. As between autoists, that license tax is not proportionately imposed. A tax imposed according to horsepower of the vehicle, has no direct connection with actual use, wear and tear of highways, as between two automobiles. In fact a high-powered machine

of each machine, if a truck or trailer, of the same weight as a low-powered one, might not wear out a highway as quickly as the latter. It is quite evident, however, that two machines of the same horsepower, driven over the same road at the same rate of speed, would wear same in some proportion of the weight of one with the weight of its load, to the weight of machine and weight of load to the other. The more the weight, the more the wear.

To equalize the license tax as between owners of machines and to impose upon each, such burdens as are to be determined in some measure by the actual use, wear and tear upon public roads, many of the states grade the fees charged for license tax, according to weight

of loads to be carried. The theory of those states is, the more the weight traversing the highways, the more the wear and tear of those highways, and for equality's sake, the more the weight the more the license tax.

There being at the present time no mandatory requirement as to repairing and maintaining any public highway, legislation along the line of devoting license fees to repair, and also along lines of making the heaviest users of highways pay the heaviest license tax, would not only follow legislation of other states, but would be along lines towards real equality among owners of auto-vehicles.

SAVE INTEREST ON WARRANTS

Some concern is manifest over the fact that the treasury of the state is not in actual funds to meet warrants drawn which are within the amounts appropriated. The state is called upon to pay interest upon registered warrants under those conditions. The holders of such warrants are concerned in the matter for reason of the fact that interest rates paid by the state are less than the amounts of interest which can be obtained by banks upon other discounts, and the banks are not prone to take all state warrants presented which are drawn against appropriations without actual credits in the treasury to pay such warrants.

The situation is brought about in part at least, through law which provides for a semi-annual payment of taxes. That law does not harmonize with the time when appropriations are available for expenditure and subject to warrants. The fiscal year begins on July first. Almost invariably every state appropriation is made to be collected from the taxes raised during a fiscal year. The expenditure of funds, or rather, the doing of the public acts covered by appropriations, in fact commences with July first of each year. Debts are created from that date, accounts for those debts are now properly audited for payment, and warrants properly drawn upon the treasury for those payments, from July first on through the year, or until specific appropriations have been entirely used in that way. An entire fund may be used, and all the warrants may be issued to the full warrants may be issued to the full amount of such fund, even before one dollar of taxes gets into the state trea-

sury to pay such warrants. One half the taxes for any year is due on the second Monday in October, and delinquent on the second Monday in December; the final one-half of taxes is due the second Monday in March, and delinquent on the second Monday in June. So even if all taxes are paid when due, the period from July first to the second Monday in June following, passes by before the tax money actually gets into the treasury, and is actually available for payment of the warrants which may have been issued during all that period. It is a plain case of "spending the money before you get it," so far as the situation involves registered warrants.

Some States Do Not Permit the Drawing of Warrants Except Money Is Actually in the Treasury

What might be the remedy for this situation. The legislature might so word appropriation bills, that the funds appropriated are not to be considered available for expenditure, until the second Monday in December of each fiscal year, to the extent that such appropriations are to be met from tax-raised funds. Such a provision inserted in connection with special appropriations for special purposes, as distinct from appropriations to meet current expenses and cost of administration of government, would stay an issuing of warrants for those special purposes until there is at least a chance that tax money will be in the treasury to pay warrants when issued for actual expenditures. As the situation now exists, and under present laws, state warrants do go out, with no possibility that actual cash is in the treasury to pay those warrants. These warrants do draw interest, and the state

pays that interest.

In some of the states no warrant is drawn except when the money is actually in the treasury to pay it. In Arizona, the plan has been to treat money as available as soon as a fiscal year arrives. In the one case, that of drawing no warrants at all until money is on hand, public activities might be tied up indefinitely for lack of actual funds. In the other case, there can be no real harm in holding up some activities, at least until the tax collecting machinery of the state can start working to the end of raising funds. Certainly there must be a place somewhere between the two plans, where funds may be treated as available, but will not actually be expended so far in advance of ready public cash, to create interest bearing registered warrants. The happy medium, so to speak, may be arrived at, with a little legislative attention.

The credit of the state, the convenience of the public, and the interest burdens upon registered warrants, all existing under present laws, all seem to call for remedial legislation.

Last, but not least, it is not public economy to pay interest in any case where urgent necessities do not demand immediate action, nor require immediate results. The large majority of public improvements, public buildings and public activities, aside from current duties in governmental and administrative functions, can be postponed until such time as they may be undertaken and completed with funds in hand, rather than from funds borrowed upon registered warrants.

FUNDAMENTAL IDEAS FROM GOVERNOR'S MESSAGE

The Magazine takes pleasure in presenting to its readers extracts taken from the Governor's message to the Legislature which relate specifically to the policies and purposes of the executive regarding questions of policies relating to subjects of efficiency, economy and of necessary activities of the public, maintained along lines of economy and efficiency.

We quote as follows: "Arizona is a growing state, and it naturally follows that her financial expenditures must keep pace with her development. But this does not mean that we cannot sacrifice in many ways without harmful effect. . . . A survey of conditions convinces me it is not so much that new laws are needed for the successful conduct of the State as that existing law be amended to conform to changed conditions. We do not lack laws. To the contrary, we are over-burdened with them and many of our statute books could be repealed and their absence never noted. Experience must be our teacher and guide in these matters. We should not hesitate to discard what we have found to be useless or manifest reluctance to keep step with progress by accepting what is new, provided that careful and diligent inquiry shows that it is meritorious and will serve the ends for which it is intended. . . .

Already the term "administrative consolidation" has come to have a very definite meaning. It is, in brief, the reorganization of the several offices and agencies concerned with the administration of the state's affairs into a few coordinate departments with heads appointed by the governor and responsible to him. Integration of the administration is thus brought about; useless and obsolete offices and agencies are abolished, and related functions are grouped under the same departmental management. Responsibility for the administration is fixed—the governor and his few department heads are placed in the limelight of public opinion.

Touching on my ideas on centralized government, there are consolidations which, if meeting with your approval, could be made at once. The Department of Weights and Measures should be placed under the jurisdiction of the Corporation Commission, thereby insuring more efficient service and satisfactory regulation. The office of Apiary Inspector in its very nature should come under the direction of the Commission of Agriculture and Horticulture. It is the logical step and for the best interests of the

the industry. The laws governing both these offices are in need of revision. Suggested changes, I am advised, have been prepared and are ready for submission. The Apiary Inspector has been working for the past two years without compensation, all the fees received having been turned over to his predecessor. A relief bill to compensate the incumbent would therefore be only an act of right and justice.

Many of the laws under which some of our departments are working are badly in need of revision. Suggestions have been invited by me, but they are too lengthy to be incorporated herein. These will be laid before you, however, and should prove of help in your work, as they are conclusions based on experience.

The old Commission of State Institutions proved to be an expensive and inefficient method of managing the prison, hospital for the insane, Pioneers' Home and Industrial School, and Capitol Building and grounds, hence my recommendation to the past legislature for its abolishment. In its place was substituted the Board of Directors of State Institutions, which has demonstrated its right to continued existence by the careful and economical manner in which the affairs of these institutions have been administered. Each and every one was conducted within its appropriation with the exception of the Asylum, the deficit in that instance being due to increased population, and provision for which had not been made. In view of the high prices prevailing and the more important fact that the needs of the inmates were not neglected but that their creature comforts were provided for even more adequately and generously than in the past, the accomplishment was indeed notable. The experiment, and such it must be characterized, having demonstrated its worth as a business and governmental principle, there is no hesitancy on my part in advocating a continuance of the Board, as now constituted, with the recommendation that an increased appropriation be made to cover additional expenses made necessary by the completion of the addition to the Capitol Building.

The land code should be made more definite, workable and effective through amendment. Whether or not this important department is conducted in a satisfactory manner depends to a large degree upon sane and equitable administration of its affairs. The fact was made clearly apparent but recently that the methods heretofore followed did

not meet with public approval. The question of increased revenue from this heritage is administrative, not legislative, and will take time to work out so that legitimate rights will not be disturbed or penalized. A broad policy, divorced from even the suspicion of special privilege or favoritism, I am certain will be followed.

I know of no one thing more important to the development of the state than the maintenance of industrial peace.

. . . I believe that the highest duty the state has to perform is to educate its citizens. I believe that education is a national question, and should be so directed, but, in the absence of national legislation, feel it the duty of the state to direct and support the education of every school child within its borders, providing, whenever and wherever possible, the same educational opportunities. I further believe that the end can be accomplished with less expenditure of public funds than at present.

From the mountain top of vision the future of Arizona unfolds itself with panoramic vividness. Fertile fields, every acre susceptible of cultivation being tilled, the wheels of factories and railroads driven by cheap electrical energy, mines disgorging their wealth, and a prosperous and virile people, is the picture which comes to my mind. It is not unreal or impractical. The day is not far distant when through reclamation and kindred projects the dream of this moment will be the actuality of tomorrow. No man need be a seer to anticipate these steps in our material advancement. To do big things we must think and act big things. We cannot for our own welfare place ourselves in the pygmy class of thought or accomplishment. The future, therefore, your future, my future and the future of the people and the State is a sacred trust committed to our care. We can measure up to the grave responsibility by united endeavor, and animated by a desire to be of constructive service, not only to this but future generations. . . . The task of the moment, however, is one of sane and constructive legislation, to which we must give the best within us. We are here at the mandate of the people and must conscientiously fulfill our obligation. In your labors be assured of my active and understanding co-operation, as our purposes and aims are the same—to be of service to those we represent and the building of a greater commonwealth."

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

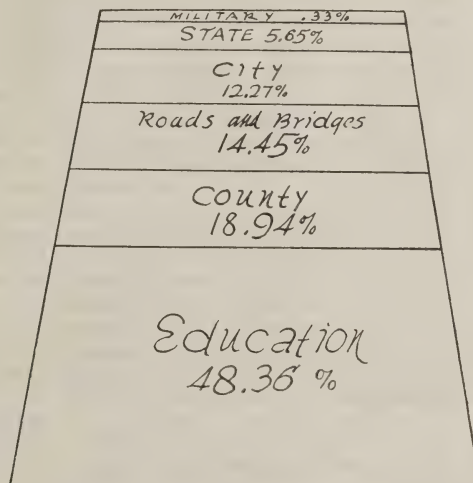
A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, FEBRUARY, 1921

NUMBER TWO

Showing Total Amount of Tax Levy in Arizona and General Distribution of Expenditures for the Year 1920



	Expenditures
MILITARY	\$ 50,000.00
STATE	868,284.54
CITY	1,883,847.06
ROADS AND BRIDGES	2,218,619.62
COUNTY	2,908,749.31
EDUCATION	7,427,292.34
TOTAL	\$15,356,792.87

EDITORIAL COMMENT

Comments Upon the General Financial Condition of the State

With the enormous amount invested in Liberty Bonds, with the enormous amounts in county, state, highway and improvement bonds, in addition to ordinary demands for loans of money for industrial and commercial purposes incurred beyond normal limits of ordinary times, the banks of the whole country are put to it to supply additional applications for loans. In that regard banking conditions in Arizona are no different from the conditions which exist all over the United States. In ordinary times registered warrants of Arizona, drawing 5% interest, were acceptable to the banks as a safe investment in interest bearing securities of their unexpended funds available for loans. During the last year, however, with other equally desirable securities on the market at prices below par which would net the banks from seven to ten per cent interest, with ready demands or all available money for loans to draw interest at those rates, it is not to be wondered at that our banking institutions can not absorb the registered warrants of the state, with interest running for uncertain periods. The result is that a situation has arisen which in normal times would not be present in connection with the financial condition of the state, which is that warrants of the state are outstanding and the holders thereof are not readily obtaining cash at par therefor. Added to the general conditions above briefly referred to, the situation in the agricultural counties of Arizona for the past year has, locally at least, added further drains upon the cash available for loans. The enormous activities in connection with cotton growing during the past year has resulted in loans being made larger in the aggregate amount than ever before connected with cropping, ginning and preparing for market an unprecedentedly large crop of cotton, as to which at the present time, no remunerative market is ready for the purchase of same. These loans, large as they may be, must be carried until such time as those crops can be sold for something near the actual value thereof. Enforcement of payment upon these loans can not be made without crushing what is one of the largest factors of the agricultural development of the state of Arizona. The general public would not, if

they could, do anything at all which would add to the burdens of those who are caught in a situation of low markets for really valuable farm products. The situation must be met in the best manner possible. In the meantime, however, the credit of the state of Arizona must not be impaired in the slightest through any false assumption as to the real ability of the state to meet all its present current and future obligations connected with its public activities. It is perfectly solvent and has not recklessly exceeded its appropriations. It is in the situation of a merchant who has an abundance of accounts receivable but not yet due, with bills outstanding requiring cash to liquidate. That is the situation in a nut shell.

Explanation of Table Appended

In the table appended to this article figures are presented which show the situation as between the amounts for which warrants may be drawn on account of appropriations made available from July 1, 1920, and the situation of actual cash in the treasury with which to pay those warrants. Considered as a balance available for warrants, \$2,879,514.91 is considered available, while at most only \$2,133,301.78 remains in cash in the treasury with which to pay warrants. The detailed items continue the possibilities for further comparisons. The larger the apparent balances which show as still available for warrants, as against smaller actual cash balances available to pay such warrants, the more chance there is that warrants may be issued which cannot be paid until more tax money comes into the treasury. There may be money in the treasury in the aggregate, but no balances available for particular purposes. Each fund being distinct from other funds, with respect to funds "available" and "cash to pay".

In the statement referred to, two columns of figures are given. In the first column are the balances which existed on hand in the treasury as of date February 1st, 1921. These items show, fund by fund, from the treasurer's books, the amount of cash actually available for each fund after all warrants which had been presented to the treasurer had been paid. In the second column under the head "Balance of appropriations",

appears a corresponding statement, fund by fund, taken from the books of the auditor, and the respective figures show unexpended balances from the appropriations made for the fiscal year beginning July 1st, 1920, and ending June 30th, 1921. From the figures showing amount of cash there should be eliminated "permanent funds" such as "sinking funds", "funds from sales of state lands", and "bond interest funds." The total of these funds approximates \$233,693.32. This total is not subject to use except for loans of state funds, and it may be true that arrangements have been made under which applications for loans already allowed and pending will absorb the loaning value of the latter amount. Deducting those permanent funds from the available balance shown in column one of the table, leaves a balance of \$1,399,608.46 still available for current expenses and the annual appropriations for state purposes during the fiscal year now running. With this balance of \$1,399,608.46 is to be compared the unexpended amount available as shown by the auditor's books of \$2,879,514.91, the latter being still unexpended, no warrants outstanding against it January 31, 1921, and still available in the treasury for the payment of state expenses and state activities for the balance of the year remaining up to and including June 30, 1921. From this apparent balance of \$1,399,608.46 there must be deducted warrants outstanding drawn by the auditor and which have, since February 1st, 1921, been presented to the treasurer, before and exact computation is made based upon that apparent balance.

**Warrants May Be Drawn After July 1st
of each Fiscal Year, When Tax
Money Will Not be at Hand
Until After September**

The immediate cause of the shortage of cash in the treasury of this state is not one entirely due to any of the conditions above referred to. The total appropriations for the fiscal year now running amounted to \$4,619,973.41; of that budget it was estimated that \$500,000, would be received from sources of revenue other than tax revenue, leaving a

balance of \$4,119,973.41 to be supplied from tax raised funds. These appropriations included amounts raised for highway purposes, for bridges, institutional buildings, and all other special subjects of appropriation for buildings, improvements and expenditures aside from the current cost of the administration of state affairs as connected with the offices, departments and institutions themselves. From the fifth Biennial Report of the Arizona State Tax Commission we take figures of aggregates of different subjects as following: "Administrative and Departmental \$621,820.00; State Institutions, \$566,316.88; Interest and Redemption, \$96,047.66; Roads and Bridges, \$974,000.00; Military, \$50,000.00; Special Appropriations, \$84,100.00," to which must be added appropriations under the head of "educational", the amount of \$2,227,688.87. From these figures it will appear that, aside from the \$621,820.00 classed as "Administrative and Departmental" costs, nearly three-fourths of the other appropriations can, for matters, the actual cost of which, so far as drawing warrants is concerned, may fall within the first six or seven months period of the fiscal year. That is to say, an educational building may be started and completed within that period; the entire highway appropriation may take the shape of warrants during the same period, and so on with the other funds, this for reason of the fact that under our plan all amounts appropriated by the Legislature for a given fiscal year are deemed available for the purposes of such appropriation from and after July 1st, of that year. The revenues of the year so far as the tax raised funds make up those revenues, do not commence to come in until after the second Monday of September, and these taxes are collected in the various counties and tax collections may not find their way into the state treasury until December.

At Best Only One-half of Taxes Can Be Anticipated as Actual Cash Prior to March of any Fiscal Year

Then, also, out of \$4,119,973.41 of

tax raised funds for the present year, only one-half of that fund is due and payable in the period between September and December. The other half becomes due in March and is not delinquent until June. Thus it will readily be seen that with other sources of revenue amounting to an estimated sum of \$500,000.00, and but one-half of all the other funds not due the state until the last quarter of each fiscal year, it is unavoidable that warrants will be drawn, are in fact drawn, and cannot be paid from the treasury, even under the most favorable circumstances connected with the ability of tax payers to pay taxes promptly as they become due upon the tax rolls.

A Statement of Actual Amounts of Tax Receipts up to February 1, 1921

The treasurer's books show that up to February 1st, 1921, a total of \$1,928,982.53 has been collected upon the tax rolls of 1920. The amount of those collections from the different counties is as follows: Apache, \$22,914.22; Cochise, \$423,031.76; Coconino, \$51,168.30; Graham, \$19,842.08; Gila, \$342,213.30; Greenlee, \$96,592.38; Maricopa, \$223,759.50; Mohave, \$53,496.72; Navajo, \$26,580.58; Pima, \$140,844.99; Pinal, \$162,932.12; Santa Cruz, \$28,368.47; Yavapai, \$290,753.38; Yuma, \$46,484.73. The amount above given includes not only the taxes collected upon the 1920 tax rolls, but the amount collected upon the various delinquent rolls of prior years. The aggregate amount of all the collections, \$1,928,982.53, is referred to for the purpose of illustrating the fact that not fifty per cent of the entire state tax for the year 1920-1921, was in fact paid in connection with the payment of the first semi-annual installment of taxes. The percentage of delinquencies is immaterial for the purposes of that illustration. There are delinquencies every year, some years more than others, but the il-

lustration demonstrates the fact that delinquencies will continually recur, a situation similar to that which now confronts the state of Arizona, just as long as present conditions remain unchanged. That situation is simply this, that the state of Arizona cannot pay cash upon warrants when the only source of obtaining that cash is from taxes not yet due from the tax payers at the time warrants are presented to the treasurer for payment. The figures from the auditor's books show an available balance which may be expended on account of appropriations for the present fiscal year of \$2,879,514.91, with total appropriations for that same year amounting to \$4,916,973.41, with five months of the year to run. The balance available as compared with prior expenditures, shows that the state is abundantly solvent, so far as tax assets with which to pay its annual liabilities, is concerned.

At the time of this writing, the Legislature has before it several plans which, it is hoped, will afford temporary relief to holders of registered and unpaid warrants of the state. Whatever means is adopted, whether it be by a proposed anticipatory bond issue, or whether it be by way of increasing the interest rate on registered warrants, that plan will not entirely remedy the situation against a repetition thereof in the future.

Officials May Suspend Action Involving Expenditures Until Cash Is on Hand

As suggested in a prior issue of this magazine, **some plan must be devised under which state officials will not anticipate tax collections by expending funds prior to the actual receipt of tax money.** If the Legislature fails to work this situation out in the way of positive action making it mandatory upon the county officials, it is within the powers of the officials themselves to curtail expenditures for everything except administrative expenses until such time as tax money is at least due and payable from tax payers.

The Tax Levy and Estimate Bill for Counties, Towns and Cities

The Tax Levy Bill, which is House Bill No. 90 of the acts of the 1921 Legislature, will become a law, and with it will follow a decided victory for those members of the public who are in favor of placing all expenditures of money for public purposes under and according to strict budget purposes.

The Old Tax Levy Law Was Incomplete as to Effect of Estimates upon Expenditures

When what is now Paragraph 4840 of the Civil Code was enacted in 1913, it was undoubtedly expected that the requirements of that Act, that estimates

would be submitted by the authorities of counties, cities and towns as to all proposed expenditures for a coming fiscal year, was a requirement which would amount to the establishment of a budget for counties, cities and towns. But the former requirements of Paragraph (Continued on page 4)

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Address all communications to the Secretary,
31 West Washington street, Phoenix, Arizona.**THE TAX LEVY and ESTIMATE BILL
FOR COUNTIES, TOWNS and CITIES**
(Continued from page 3)

4840 stopped short of the mark. It required estimates to be made, which estimates would be amply specific to appraise tax payers of what the officials proposed to do with the public money for a coming year. That paragraph, however, contained no specific provision requiring the officers to follow that estimate in connection with expenditures actually made for that year. In other words, there being no positive restrictions against so doing, the county Boards and the governing Boards of cities and towns could in fact propose one set of public purposes, raise money apparently for those purposes, and, aside from fixed salaries which did not change from year to year, expend the money as they saw fit. At least Paragraph 4840 has been construed by several county Boards and city and town officers to permit the doing of the above, such officers refusing to be controlled by the estimate if, in their discretion,

(Continued on page 5)

Table Showing Treasurer's Cash Balances of Funds as of Date February 1st, 1921, and Showing Balances of Appropriations as Authority for Warrants of the Auditor on Same Date.

	Treasurer's Cash Balances Feb. 1, 1921	Balances of Appropriations Feb. 1, 1921
General Fund	\$141,515.16	\$513,482.74
Asylum for Insane, Mtc.	1.09	26,413.49
Asylum for Insane, Bldg.	1.35	1,623.36
Asylum for Insane, R. R. & R.	1,886.73	8,405.91
Asylum for Insane, Int.	206.51	
Bureau of Mines	2.33	14,674.96
Capitol Bldg. New Bldg.	949.54	
Capitol, Interest	787.41	
Corporation Com. Inv. Co.	325.66	8.16
Date Palm Orchard	4.03	704.83
Date Palm Orch. & Hort. Station	1.43	1,255.68
Date Palm O. H. L. & Imp.	1,152.73	1,347.26
Dry Farming	678.14	2,174.62
Free Employment Office	3.38	1,194.05
Inheritance Tax Fund	12,516.49	12,516.49
Univ. Land Sales	4,916.65	
Leg., Exec. & Jud. Bldg. Sales	26,223.00	
Penitentiary Land Sales	5,531.72	
Asyl. Insane, Land Sales	2,164.56	
Sch. & Asy. D. D. & B. Sales	4,821.37	
Normal Schls. Land Sales	2,767.14	323,941.23
St. Char. Pen. & Refm. Sls.	2,274.61	
Agri. & Mech. Colleges	812.43	
Sch. of Mines Land —S	4,672.16	
Military Insts. Lnd. Sls.	10,887.60	
County Bond Land Sales	258,869.99	
U. of A. Land Rentals	18,253.60	
Leg., Exec. & Jud. Bldg. —R	1,532.68	
Penitentiary Land Rentals	2,695.17	
Asyl. for Insane Land —R	2,729.00	
Sch. & Asy. D. D. & B. rentals	2,353.50	
Miners Hosp. Dis. M. rentals	5,968.83	84,580.35
Normal Schls. Land Rentals	4,430.06	
St. Char. Pen. & Rfm. rentals	2,015.50	
Agri. & Mech. Colleges —R	3,254.75	
Sch. of Mines Ld. rentals	3,655.90	
Military Inst. Lnd. rentals	10,732.64	
County Bond Ld. rentals	17,958.72	
Interest (Red)	16,304.66	
Library Fund	3,752.62	3,597.92
License & Inspection	11,740.59	11,277.82
Military	75,767.97	77,148.64
N. A. Normal Sch. Mtc.	1.42	32,207.91
N. A. N. S. Imp.	18.31	2,737.23
N. A. Normal, real estate	8,140.06	
N. A. Normal Bldg.	133.39	17.01
N. A. Normal Trn. Sch.	26,352.29	30,514.05
Permanent School Sales	30,263.65	23,413.65
Permanent Sch. rentals	104,956.98	104,956.98
Pioneers' Home Mtc.	40.67	5,470.33
Pioneers' Home, Bldg.	3,072.42	20,356.05
Pioneers' Home, Imp.	330.65	587.60
Plant Introduction	58.01	1,409.55
Prescott Dry Farm	429.59	2,193.44
Prison, Mtc.	9,055.93	71,542.55
Prison, Imp.	24,014.15	31,800.86

Redemption 4½% Bonds	405,287.77	
Redemption St. Louis Expo.	23,319.75	
Redemption Univ. Bonds	23,319.75	
S. R. Valley Expr. Farm	199.44	1,003.08
Sheep Tax Fund	780.50	780.50
State Fair Mtc.	1,443.28	527.92
State Fair Land	85.75	135.85
State Game Protection	4,377.98	3,551.73
State Ind. Sch. Mtc.	3,743.63	19,679.93
St. Ind. Sch. Bldg. Imp.	14,662.29	15,379.28
State Land C. and A.	11,143.57	10,736.75
State Loan	1,389.83	1,389.83
State Rd. Tax General	30,982.97	85,525.89
State Rd. Tax, Special	117,432.43	
State Road Tax, Apache	10,894.62	
State Road Tax, Cochise	1,402.31	
State Road Tax, Coconino	142.33	
State Road Tax, Gila	8.10	
State Road Tax, Graham	2.83	
State Road Tax, Greenlee	23,361.07	
State Road Tax, Maricopa	5.02	78,705.39
State Road Tax, Mohave	3,289.01	
State Road Tax, Navajo	5.17	
State Road Tax, Pima	106.56	
State Road Tax, Pinal	4.48	
State Road Tax, Santa Cruz	747.69	
State Road Tax, Yavapai	210.76	
State Road Tax, Yuma	955.41	
State School	158,441.58	609,236.93
State Water	19,589.39	18,380.21
Sulphur Springs Valley Dry Farm	61.42	2,614.08
Surface Water Investigation	937.38	2,689.69
Tempe Normal, Mtc.	1,909.98	37,698.89
Tempe Normal, Imp.	515.22	.76
Tempe Normal, Rep.	162.71	
Tempe Normal, Land	2,775.83	
Tempe Normal Bldg. (Red)	1,845.78	33.64
Transient Herd Tax	223.10	223.10
U. of A., Maintenance .....	.66	105,594.19
U. of A., Building	3,583.51	
U. of A., Improvement	35.36	8,376.86
U. of A., Printing	2,028.54	7,068.79
U. of A., Co-op. Agri.	564.28	6,047.70
U. of A., Extension	287.09	14,809.28
U. of A., Farm, Mtc.	6.22	2,641.88
U. of A., Farm, Imp.	2,939.46	3,773.02
U. of A., Campus & G. H.	9,371.30	13,557.73
U. of A., Campus Extension	3,461.59	
U. of A. Citrus Investigation	1.60	2,541.10
U. of A., D. D. & B. Bldg.	115,009.32	141,141.00
U. of A., Min. & Eng. Bldg.	9.83	
U. of A., Int. Par. 3663 (Red)	351.75	
U. of A., Int. Act. 1903	255.20	
U. of A., Men's Dorm. Bldg.	133,170.95	133,170.95
U. of A., Timber Acct.	13,311.62	13,200.46
Underflow Water Invest.	1,450.55	1,030.08
Unappropriated Taxes	135,713.72	135,713.72
	\$2,133,301.78	\$2,879,514.91

THE TAX LEVY and ESTIMATE BILL

Continued from page 4)

they deemed it advisable to depart from those items to new fields of activities.

New Tax Levy Law Makes Annual Estimates a Limit Upon Future Expenditures

The new law serves two purposes. It

provides that "No expenditure shall be made for a purpose not included in such budget." The purpose being that the officers will thus be prohibited from going outside of the budget for any ordinary purpose of county, city or town, and the quoted provision will also serve the purpose of providing the offi-

cers protection against importunities of persons who may become enthusiastic over some new scheme requiring public money, and to advance that scheme, attempt to influence those officers to depart from the items of the budget. In the latter cases officers have an unanswerable reason for not submitting to such importunities. That answer being simply a plain construction of the law, that the law will not permit them to do so.

Officers are Prohibited from Creating Debts Beyond Estimated Amounts in Approved Estimates

The matter of the actual amount of expenditures permitted under the old laws relating to powers of county Boards and the officers of cities and towns, has been a matter of uncertainty, that uncertainty existing in the unanswered question of whether such officers have power to incur indebtedness beyond the amount of funds available in each year out of taxes and other sources of revenue, and, whether the power to acquire indebtedness which could not be paid from those revenues, does in fact exist. It is a fact that several of the counties have exceeded the amount of the revenues provided and have acquired debts and deficits in one year which could not be paid from such revenues, and debts which could not be paid within the ten per cent limit provision applied to the revenues which could be raised in a succeeding year or years. The situation has been that several of the counties, cities and towns have large floating indebtednesses in the shape of registered warrants which continue as debts and which could not heretofore be paid. The warrants outstanding for one year may in fact be taken up from funds actually raised in the next year, but new warrants which cannot be paid have taken their place and left the actual condition of indebtedness still existing. House Bill 90 covers that situation in the language following: "And no debt, obligation or liability shall be incurred or created in any one year in excess of the amount specified therein (the budget estimate) as an amount proposed and finally adopted for each purpose therein named; Nor beyond the amount therein proposed to be raised by taxation, except when the other sources of revenues have been and are first received by the county, town or city, as a means of liquidating such extra obligations and liabilities." If the language quoted is actually followed, and there are penalties in the law for failure to follow it, there will be no indebtedness created and there will be no deficits in

one year due to over expenditure, or due to going outside the budget.

Cities and Towns are now Brought Fully Within all Limit Provisions of the Tax Levy Law

Still another feature is covered by House Bill 90 which was not covered by the former statute. Under the law as it existed counties, towns and cities were required to publish an estimate of proposed expenditures but except as to counties, the further provisions of the law as to tax levies pursuant to those estimates did not apply. Cities and towns were permitted to make tax levies pursuant to various special statutes and special purposes contained in laws relating to the organization of towns and cities generally, or relating to the particular town or city itself. The ten per cent limit was not constructed to apply to towns and cities, except in those cases where the town or city officials voluntarily assumed to be bound thereby. The provisions of the new law specifically apply to counties, towns and cities, with no exceptions whatever and as to each county, town and city provides: "Provided: That no budget estimate shall be finally adopted, the aggregate amount of which will propose or include amounts to be raised by taxation for purposes (other than for schools, interest on bonds and for installments of principal of bonds due and to become due within the fiscal year, or for special assessment levies, and special district levies) which shall be an amount which will require a tax levy to be made for an amount to be levied and collected in taxes for purposes other than those specially excepted, which will exceed by more than ten per centum the amount levied for such purposes (other than above excepted purposes) upon the tax rolls of the preceding fiscal year and after excluding the emergency liability levies as hereinafter provided."

"Other Revenues" no Longer Connected with Figuring "Ten Per Cent Limit"

Another question which has perplexed the county Boards and tax payers is the question of "estimated other sources of revenue" in connection with the ten per cent limit as to taxes to be raised for general county fund and county road fund. The new law solves that question in the language last above quoted where it says that "no budget estimate shall be finally adopted * * * which will require a tax levy to be made for an amount to be levied and collected * * * which will exceed by more than ten per centum the amount levied for such purposes upon the tax rolls of the preceding fiscal year." Leaving a basis for computing the ten per cent levy an increase of

one year's taxes over the taxes levied and assessed for the previous year dependent upon nothing except the amount of taxes levied and collected. "Other sources of revenue" do not enter into the ten per centum computation at all.

New Law Provides for Actual Emergencies for which no funds are Available

House Bill 90 makes provision for real emergencies which may arise by creating an emergency fund to protect against "epidemics of disease, acts of God which result in damage or disaster to the works, buildings or property of a county, city or town, or which menaces the lives, health or property of any considerable number of persons therein," confined to cases where no provision is made in the regular budget to govern same. The Boards of Supervisors and officers of towns and cities can make a showing to the Tax Commission of the fact of the emergency, a hearing is to be had, and the Tax Commission, after such hearing, may so order as to permit a specified sum to be expended and warrants issued on account of those expenditures, payment of such warrants to be covered by the amount so ordered by the Tax Commission.

New Law Provides for Tax Levy to Take up Present Floating Indebtedness and Prevents Further Deficits or Debts

House Bill 90 makes provisions for a tax levy to liquidate deficits and outstanding indebtedness existing at the present time by permitting a special tax rate to be extended upon the rolls for the purpose. In other words, the towns, cities and counties may, if their officers so decide to get square with the world by levying taxes sufficient to do so, and leave them in a position where in the future, if they adhere strictly to the provisions of the law, there will be no future indebtedness, deficits or over expenditures whatever. It may be that the actual tax collections of one year will not be sufficient to actually pay all warrants which have been issued anticipating that collection. But that feature of the situation seems to be one which will always be present in connection with public finances where the source of public revenue depends upon taxes assessed against property. There will always be delinquents in the collection of such taxes. But, in the long run, the delinquencies of one year become collections of another year, and finally with provisions against over expenditures as those provisions exist under the new law, there will remain no balance of unpaid indebtedness which cannot be finally

paid from tax collections, or which can not be provided for in connection with the ten per cent increase permitted in the amount of taxes raised one year over the amount of taxes raised the previous year.

This magazine believes that House Bill 90 will do much towards rounding out and completing the scheme of a budget system for counties, cities and towns and will have the effect of going a long ways towards putting the matter of public finances, revenues as compared with expenditures, upon a sound financial basis, that basis including the feature that public expenditures should not exceed public revenues provided to meet those expenditures.

Allen Ripley Foote

Mr. Allen Ripley Foote, of Fletcher, North Carolina, passed away at his home there on January 14th, after a brief illness.

Mr. Foote was the organizer of the National Tax Association and it was due to his untiring efforts that the importance of tax associations as connected with the administration of public finances, brought about the many state organizations and the co-operative efforts of those organizations and the taxing officials of the several states in the work now carried on by the National Tax Association. The underlying reason for such public activities of the associations appears from an address of Mr. Foote upon the subject of "The Work and Future of the National Tax Association", delivered by him at its tenth annual conference in Indianapolis in 1916 where he says: "This increase in the amount of taxation is due to the natural increase in the demands for purposes approved by those who managed public affairs before our day, plus demands for purposes of our own creation. Growth in taxation is not necessarily an evil. It becomes an evil only when it is due to expenditures for other than public purposes and the unnecessary cost of inefficient service. The burdens of taxation are transformed into helpful benefits when a government returns to a taxpayer services of greater value than the payment exacted from him. For this reason taxpayers will be greatly benefited by the adoption and efficient administration of scientific accounting systems. Such a course is more effective and therefore more helpful, than tax-limiting laws; but experience is proving that both accounting and tax-limiting laws are needed to curb the unwise exercise of the political power of taxation."

These words can be taken as a text and ground work of future activities of the association of which Mr. Foote was an active founder.

The growth of public expense more often originates in the activities of those in charge of public affairs than they do in the minds of the public creating a real public demand for such activities. It is due to this fact that the commissions in the various states have multiplied in num-

ber, and the expense of maintaining such commissions, even in connection with subjects of public improvements has repeatedly been increased and multiplied in amount.

Mr. Foote touched the keynote of that situation in his words above quoted, and it is for associations which will continue his work to use their efforts towards keeping the actual expenses of necessary commissions both within the

limit of real public necessities in connection with the activities of every commission.

Pioneers blaze the way for future progress, future activities, and future benefits to mankind. As a pioneer in matters connected with economy in public finances, Mr. Foote will be remembered by future generations of tax payers who will receive the final benefit of the work which he started.

New Laws as to Auditing Accounts for Imprest Funds, and Illustrations as to Their Possible Effect

It is not the purpose of this Magazine to suggest that any state officer or employee would intentionally use state funds, state mileage books, or state property for individual purposes as distinct from public purposes. There have been suggestions, however, of practices which seem to point to an extravagant use of expense money, mileage books, and the like, under conditions which if the person using same had been making use of his private funds and mileage, would have confined the extent of that use more closely to real requirements. He would not have found it convenient to travel miles away from the point to which his business had called him for attendance upon that business in the interim between days or week ends. Public suspicion as to possible instances of unauthorized use of funds in cases similar to what is here referred to, and arising under the old law will be set at rest in connection with Senate Bill 119 which will become a law as a result of the work of the Legislature. The provisions of that law are as follows: "Section 1. That subdivision (1) of paragraph 70 of Revised Statutes of Arizona, 1913, Civil Code, be and is amended to be as follows:

Auditor May "Audit" and Reject Claims In Some Cases

"1. Audit, adjust and settle the amount of claims against the State payable out of funds of the State, except only such claims as may be expressly required by law to be audited and settled by some other officer, board, commission or department. The auditor shall have power to investigate each and every claim presented to him as a claim upon which a warrant is to be drawn upon the State Treasury. And in the event such an investigation appears to disclose that all or any portion of any claim so presented is not for an actual public purpose, connected with the ac-

tivities of the office, board, commission, or department where the investigated claim originated, the auditor shall refuse to draw a warrant, except for such amount of each claim as appears to be for an actual public purpose. He shall submit his reasons for rejecting all or any portion of claims for which he refuses to draw a warrant to the office, board, commission, or department, and a warrant shall not be drawn therefor until a new claim, fully itemized, stating specifically the actual public purpose of, and the necessity for each particular item or amount of expenditure referred to in the auditor's statement of reasons, is presented to the auditor properly verified by the oath of the person making the expenditure so in question, and again approved for audit and warrant by the officer, board, commission, or department which in the first instance audited the rejected claim. In event such verified claim is not filed, or if refiled in event that it does not then appear that public purpose is in fact involved respecting the claim thereon, the auditor shall have power to again reject the claim, and report the fact of such rejection to the Governor, and no warrant shall be drawn thereon, except the Governor specifically approves the claim in whole or in part." When the provisions of that Act are considered and applied in connection with the provisions of Senate Bill 118 which are also to be enacted by the Legislature and which, after providing for an imprest fund also provides that: "There may be advanced from the proceeds of such warrant to any officer, employee, or person such amount as the heads of offices, boards, commissions, or departments may deem necessary to meet the requirements of expenditures for each occasion, trip, or other cash necessity of the officer, employee or person dis-

tinct from any other such necessity. Each amount so advanced shall be separately accounted for with proper receipts, vouchers, and evidences of expenditures, in properly itemized and verified statements, showing the specific use made of every portion thereof by persons receiving such advances." **

No More Purchases of Railroad Script Or Mileage Books

"No warrant shall be drawn upon the State Treasury for any purchase of railroad tickets, script, or mileage books, or for supplies which require cash payments at time of receiving same, nor for other purposes as to which an imprest fund is available or can be made available by compliance with the provisions of this act."

Not only will those provisions as above quoted quiet rumors as to such improper practices and uses by public employees of funds, but such employees will be relieved from any temptation as to use strips of mileage with the feeling that such use is immaterial and costs them nothing. Regardless of whether or not there has been any misuse of expense money, or whether or not there have been inflated expense accounts audited and paid in the past, the two laws above referred to will fit in with policies consistent with economy and lack of extravagance in connection with expenditures of public money, and protect the public against the possibility that public funds might be used and accounts might be audited for purposes other than strictly public purposes. An honest officer or employee has no fear of the results. If there are any dishonest officers or employees who may be deceiving either their immediate superiors or finally deceiving the auditor, and treasurer, these two laws taken together will prevent further deception of that kind.

As Bearing Upon Short Balances Available for State Institutions

Referring to the statement of cash balances in the treasury as of date February first 1921, as that statement appears in another part of this issue of the Magazine, it will be noticed that the cash funds available for several institutions is very low. Going back two and four years into the history of legislation in this state, and it will be found that one of the first duties which devolved upon the legislatures after convening in those years, was to provide emergency funds to carry those same institutions for the balance of a fiscal year until new appropriations would be available. The amounts of these appropriations for deficits, each became an amount for which taxes were levied and collected, and thus the state tax levy rate was increased on account of a situation brought about through facts which appear in what follows in this article.

The constitution of this state provides that:—

"The revenue for the maintenance of the respective state educational institutions shall be derived from the investment of the proceeds of the sale, and from the rentals of such lands as have been set aside by the Enabling Act * * * In addition to such income the legislature shall make such appropriations, to be met by taxation, as shall insure the proper maintenance of all State Educational institutions, and shall make such special appropriations as shall provide for their development and improvement."

The Land Code of 1915 contains the provision that:—

"It shall be the duty of the State Treasurer, on or before the first day of January of each year, to transfer from the permanent funds by this act created and established, all moneys received as interest therefrom and as rentals for said lands and property up to and including June thirtieth of the preceding year, and place the same in the maintenance fund of the institution or institutions for the support of which the several grants of land, money or other property were made, to be apportioned, distributed and disbursed as provided by law * * * The semi-annual report of the Commissioner shall set forth a complete record of the income and rentals from the several funds, and the apportionment thereof, for the information and guidance of the Legislature, in making appropriations for the several institutions benefited by such funds."

Had the foregoing provisions been strictly observed, not only amounts received from rentals of state lands, but amounts received as interest upon time sale contracts on state lands, would have gone into institutional funds and would have been available for current support of those institutions, and with that transfer made from time to time, those institutional funds, would not have shown the same deficits which in the past did appear, and so appearing became the subject of special relief bills by the legislature, and the cause of extra tax rates to meet those special appropriations.

In an article of this kind it will be impossible to trace out for each year the exact amount that was due from interest on land sales to each institution of the state which was to be the beneficiary of those funds. In fact the figures for such an exact statement would require new balances to be computed on all the books of the Land Department and of the State Treasurer, based upon the items of receipts of "principle of sales", and also based upon items of "interest from contracts of sale", as those items appear in the many transactions of the state land office involving sales of state lands. So far as the matter has been actually computed to the end of a segregation of principal amounts from interest amounts, the totals of interest amounts which have been included with sales, and interest in total amounts due each institution appears as follows:—

Permanent Common School Fund	\$478,051.48
A. University Land Fund.....	25,264.71
B. Legislative, Executive & Judicial Building Land Fund	12,124.31
C. Penitentiary Land Fund	10,267.70
D. Asylum for Insane Fund	14,478.33
E. School & Asylum for Deaf, Dumb & Blind Fund	17,250.36
G. Normal School Land Fund	15,696.45
H. Charitable, Ref. & Pen. Insts. Land Fund	5,652.61
I. Agric. & Mech. College Land Fund	2,834.63
J. School of Mines Land Fund	12,542.66
L. County Bonds Land Fund	97,431.02

TOTAL INTEREST TO ALL

LAND FUNDS \$692,923.60

The various items in above figures show amounts which the state institutions therein named should have received for current support of each, so far as in existence, and which amounts, all

to the total of \$692,923.60, have been loaned by the state in common with state loans of the principal amounts received on account of land sales.

To a certain extent the final effect of what has been done in the matters above referred to, has been to levy taxes for the state to provide funds for the support of state institutions, and apply funds already received for that support to loans to private individuals. Really taxing the public to provide funds to loan out to private individuals.

The Magazine is informed that in the future a proper separation of principal and interest from land sales will be made in such manner as to pass over to the various institutions the amounts of interest to which each is entitled for its current support.

The matter of adjusting past action in the above regards, and do so in such manner that a proper distribution of interest be made to institutions according to figures above presented, is one which will involve serious deliberation before a proper adjustment can be made.

An Explanation of Front Page Diagram

In the chart published on the front page of this issue, which is taken from report of State Tax Commission, there appears in the shape of percentages figures which show the proportion of taxes which are levied and collected in the state of Arizona for state, county, and city purposes distributed with respect to the general purposes of public activities therein, which include under the respective heads, "State," "City," and "County," as those heads and percentages appear in the table, such items as are purely administrative and governmental in their purposes for expenditure, or, such as may be termed current operation expenses of the state, counties and cities.

With respect to those purposes as to which the annual amounts of appropriations vary from year to year, and which variation causes the greatest change in the annual tax rates of each year, the percentages show that out of each dollar of taxes of all kinds levied in this state, 14.45 cents is raised for roads and bridges, and 48.36 cents of each such dollar is raised for educational purposes.

The amounts in totals which in the year covered by the chart—year ending June 30, 1921—are as follows: military, \$50,000.00; state expenses, \$868,284.54; city expenses, \$1,883,847.06 roads and bridges, \$2,218,619.62; county expenses, \$2,908,749.31; educational purposes, \$7,427,292.34; all making the grand total of taxes for that year for all purposes, state, county, and cities, \$15,356,792.87.

The total last above given, nor the percentages in the chart referred to, does not take into consideration the "other sources of revenue" which are collected and expended in connection with the public purposes of cities, counties and the state. The amount of these other sources of revenue are not available from any published records, but is an amount which should not be overlooked in the computing of what it costs to carry on all public purposes in the state.

ART

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Phoenix, Ariz.
Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

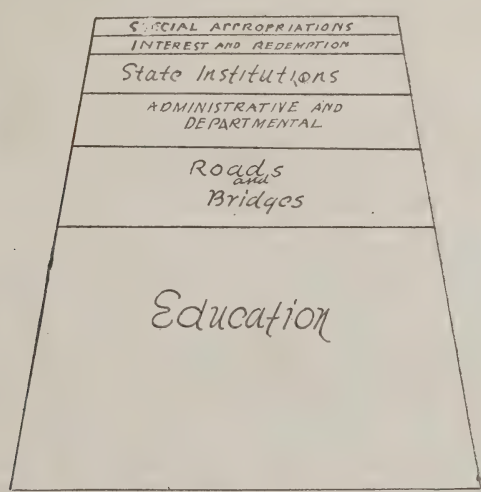
A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, MARCH, 1921.

NUMBER THREE

Showing Distribution of Total Levy for State Purposes Amounting to
\$4,119,973.41 for the Year 1920



Special Appropriations	\$ 66,600.00
Interest and Redemption	96,047.66
State Institutions	488,816.88
Administrative and Departmental	606,820.00
Roads and Bridges	841,500.00
Education	2,020,188.87
Total	\$4,119,973.41

EDITORIAL COMMENT

The State Budget For the Next Bi-Ennial Period

The legislature has finished its labors. The result was to add one hundred and eighty-eight laws of all kinds to the Code of this state, including all acts passed for original legislation upon new subjects, and amendments to old laws. Forty-four of the new laws carried appropriations. This Magazine will give a brief review of such laws as are connected with the question of future taxation, for the purpose of explaining the figures presented in the table published in connection with this article, that our readers may judge for themselves as to the need of such legislation, or the necessity therefor in the light of all the circumstances which in the present surround the many taxpayers of the state, as those circumstances may or may not be what can be called the "normal conditions" as connected with the financial ability of taxpayers to meet public demands for increased expenditures.

The legislature with its various members constitute the legislative agency of the whole people of the state. The purpose of this article is to present to such members of the public who may be readers of this article a report of how that agency has performed its trust. Those readers may then judge the results for themselves.

The legislative session called for appropriations of \$75,000.00 to pay the expense of the session.

The table of figures show several relief bills, which may be explained generally by saying that these cover items for expenses, or for supplies furnished, which were not presented to the Auditing departments of the state within the time limited by law, but were in fact just claims against the state, and were properly paid. There are among those relief bills some which require special mention. A bill for the relief of Claude Sharpe, H. B. 21 is one of these. From the recitals of the act it appears that Claude Sharpe was injured while employed as a laborer in connection with the construction of the west wing of the Capitol. It also appears that a judgment in the superior court was set aside by the supreme court for the reason that no law existed which permitted suits against the state for injuries to persons employed by it on its work.

The relief bill opens the way to test the question of whether the legislature can recognize a "moral obligation" to pay for such injuries, by special legislation. The law will undoubtedly be tested in the courts to pass upon that point. A bill for the relief of the Aubrey Investment Co. which appropriated \$12,500.00 to pay that company for mules, horses, and road working material by it turned over to certain employees of the state, under claim of contract made by the old Commission of State Institutions, to pay \$21,219.50 for same. The new administration questioned the validity of the contract, questioned the real value of the property, and after a judgment had been rendered in the superior court for the sum of a balance due of \$18,219.50, the state appealed to the supreme court. Witnesses for the state testified to a value of the property which approximated the sum of \$12,500.00, and as portions of the property had been used by the state since March of 1913, state officials did not oppose a relief measure to the amount of \$12,500.00 in settlement of the whole matter recognizing a moral obligation if not a legal one on the part of the state to pay that amount.

In 1919 the legislature appropriated the sum of \$30,000.00 to match a like sum to be raised by California, and the United States, one-third each for the cost of a bridge over the Colorado River near Parker. This amount was raised by taxation but not expended. House Bill 94, re-appropriates this amount for the construction and repair of the state highway from Wickenburg to Bouse.

Senate Bill 64, appropriates \$25,000.00 for the expense of the state of Arizona and its representative to be appointed by the Governor to act jointly with the state of California, Colorado, Nevada, New Mexico, Utah, and Wyoming, in efforts with the United States to arrange the use and distribution of the waters of the Colorado River. It is a reclamation proposition. Such a proposition as contemplates a future use of the waters of that river in reclaiming arid lands in all those states and Arizona, which cannot be worked out except by co-operative agreement among them all, acting with the Federal Government.

Senate Bill 50, makes an annual appropriation of \$50,000.00 to continue the work of the state in conjunction with the United States towards destruction of predatory animals, including wolves, mountain lions, coyotes, bobcats, prairie dogs, ground squirrels, pocket gophers, jack-rabbits and other predatory animals and rodents destructive to live stock, crops and forage production. This fund to be expended under co-operative agreement between the United States Biological Survey Bureau, the Extension Bureau of the University of Arizona, and the Live Stock Sanitation Board.

Senate Bill 90 appropriates \$50,000.00 each year for the next bi-ennial period to provide for homes for soldiers, sailors, marines and others, to assist in the reclamation, purchase and settlement upon farms by such persons; gives to the State Land Commissioner an ex-officio new title of "Arizona Land Settlement Commissioner" with power to purchase lands, water rights, and to arrange terms for sale thereof to persons of classes above named. The entire scope of the act cannot be covered in this article, only to say that its purpose is to accomplish the requirements of a "Soldier Settlement Act," along lines at one time proposed by the United States, and as to which the latter is still working.

House Bill 51 is an act intended to prevent delinquency or dependence among minor children of the state by providing weekly allowances of not to exceed \$3.50 per week towards the support of such children, either in the homes, or in homes to be provided for them by the State Child Welfare Board created by the act. It also provides for a sum of not to exceed fifteen dollars per month towards the support of an orphan child, and not to exceed ten dollars per month for each additional child under the age of sixteen years; this provision made for the benefit of mothers who are unable to support their children and who have either been abandoned by their husbands, are widows, or whose husbands permanently, either physically or mentally unable to support the family. The bill also provides for county child welfare boards and for supervision by the Superior courts of the whole matter.

(Continued on Page 4)

State Appropriations for All Purposes for the Years Ending June 30th, 1920, 1921, 1922, 1923

OFFICE	1920	1921	1922	1923
.....	\$ 9,500.00	\$16,000.00		
.....	14,000.00	7,500.00		
nses	3,600.00	3,600.00		
Budget	5,000.00	5,000.00	\$ 4,000.00	\$ 4,000.00
vernor			6,500.00	6,500.00
retary			3,000.00	3,000.00
Other Help			5,000.00	5,000.00
nses			4,700.00	4,700.00
& Auto				
.....			3,600.00	3,600.00
Governors'				
ice			500.00	500.00
clamations..			1,000.00	1,000.00
	\$32,100.00	\$32,100.00	\$28,300.00	\$28,300.00

OF STATE	1920	1921	1922	1923
.....	9,500.00	9,500.00		
& Referen-		7,000.00		
.....				
.....	2,500.00	2,500.00		
icle Ex.	12,500.00	12,500.00		
icle Salary	3,800.00	3,800.00		
ral Asst.	1,000.00	1,000.00		
n Laws	2,500.00		\$ 4,000.00	
retary			3,500.00	3,500.00
stary			3,000.00	3,000.00
motor Ve-				
pt.			2,000.00	2,000.00
.....			1,800.00	1,800.00
ers			3,600.00	3,600.00
nses			2,500.00	2,500.00
rts			1,000.00	1,000.00
auto Plates				
Licenses			15,000.00	15,000.00
Motor V.				
erical			5,000.00	
dd. Copies				
.....			3,500.00	
	\$31,800.00	\$36,300.00	\$44,900.00	\$32,400.00

ND BANK COMPTROLLER	1920	1921	1922	1923
.....	\$21,300.00	\$23,400.00		
.....	7,000.00	7,000.00		
.....			\$ 3,000.00	\$ 3,000.00
.....			2,700.00	2,700.00
.....			2,400.00	2,400.00
Salary			1,800.00	1,800.00
rant Clerk			4,500.00	4,500.00
erks			1,800.00	1,800.00
er			975.00	975.00
nses				
& Ap-				
All State			25,000.00	
.....			3,000.00	3,000.00
iner			2,700.00	2,700.00
Examiner			4,800.00	4,800.00
Assistants			2,100.00	2,100.00
sistance			11,675.00	11,675.00
nses			600.00	
Chief Appr.				
	\$28,300.00	\$30,400.00	\$67,050.00	\$41,450.00

ASURER	1920	1921	1922	1923
.....	\$ 8,700.00	\$ 8,700.00		
.....	1,000.00	1,000.00		
.....			\$ 3,000.00	\$ 3,000.00
.....			2,700.00	2,700.00
.....			4,000.00	4,000.00
.....			1,250.00	1,250.00
	\$ 9,700.00	\$ 9,700.00	\$10,950.00	\$10,950.00

STATE EXAMINER	1920	1921	1922	1923
Salaries	\$ 4,600.00	\$ 4,600.00		
Expenses	4,400.00	4,400.00		
Salary, Examiner			\$ 2,500.00	\$ 2,500.00
Deputy Examiner			2,100.00	2,100.00
Asst. & Clerical Help			1,200.00	1,200.00
Expenses			3,200.00	3,200.00
	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00

ATTORNEY GENERAL	1920	1921	1922	1923
Salaries	\$11,000.00	\$11,000.00		
Expenses	12,500.00	14,500.00		
Salary Attorney General			\$ 4,000.00	\$ 4,000.00
Asst. Atty. Gen.,				
Salary			3,000.00	3,000.00
Spl. Asst. Atty. Gen.,				
Salary			2,500.00	2,500.00
Additional Counsel			2,500.00	2,500.00
Law Clerk			1,800.00	1,800.00
Two Stenographers			3,000.00	3,000.00
Cost Incident to Federal Cases			2,700.00	2,500.00
Other Expenses			10,200.00	10,200.00
	\$23,500.00	\$25,500.00	\$29,500.00	\$29,500.00

TAX COMMISSION	1920	1921	1922	1923
Salaries	\$13,200.00	\$11,700.00		
Contingent Expenses	10,000.00	12,000.00	\$10,000.00	\$10,000.00
Travel Expense	3,500.00	3,500.00		
Board of Equalization	1,200.00	1,200.00	1,200.00	1,200.00
Office Expense		1,500.00		
Salary of Commissioners			9,000.00	9,000.00
Salary Secretary			2,700.00	2,700.00
Office Help			7,000.00	7,000.00
	\$27,900.00	\$29,900.00	\$29,900.00	\$29,900.00

CORPORATION COMMISSION	1920	1921	1922	1923
Salary Members	\$ 9,000.00	\$ 9,000.00		
All Other Purposes	40,120.00	40,120.00		
Salaries & Expenses			\$60,000.00	\$60,000.00
	\$49,120.00	\$49,120.00	\$60,000.00	\$60,000.00

LAND DEPARTMENT	1920	1921	1922	1923
Administration	\$55,250.00	\$55,250.00		
Co-op. U. S. R. S.	50,000.00			
Water for Dry Farmers	10,000.00	10,000.00		
Salary Commissioner			\$ 3,600.00	\$ 3,600.00
Deputy Commissioner			3,000.00	3,000.00
Clerical & Other Asst.			25,000.00	25,000.00
Expenses			15,950.00	15,950.00
	\$115,250.00	\$65,250.00	\$47,550.00	\$47,550.00

ARIZONA LAND SETTLEMENT ACT.	1920	1921	1922	1923
Homes for Soldiers, etc.			\$50,000.00	\$50,000.00
			\$50,000.00	\$50,000.00

WATER COMMISSIONER	1920	1921	1922	1923
All Purposes	\$25,000.00	\$15,000.00		
Salaries & Expenses			\$23,600.00	\$23,600.00
Stream Gauging			3,000.00	3,000.00
S. B. 64 Respecting Damming Colo River			25,000.00	
	\$25,000.00	\$15,000.00	\$51,600.00	\$26,600.00

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ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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Address all communications to the Secretary,
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THE STATE BUDGET FOR THE NEXT BI-ENNIAL PERIOD

(Continued from page 2)

of dependent and delinquent children in those cases where necessary to protect such children from surroundings of immorality.

Senate Bill No. 51, the so-called "omnibus highway bill" after an elimination by veto of the governor of an amount \$320,000.00 carries an appropriation of \$805,000.00 for various road projects to be constructed in connection with "federal aid." It also carries a five cent per hundred tax rate in place of the present ten cent per hundred levy for state road tax fund. There may be some uncertainty as to the use to which this five cent fund may be put under the provisions of the new act. That act repeals all acts and parts of acts in conflict therewith, and particularly repeals paragraph 5123 of Revised Statutes of 1913 as amended in 1917. The act then provides:—

"Seventy-five per cent of such "State Road Tax Fund" herein provided for, shall be apportioned to the several counties in the amount to each county of seventy-five per cent of the taxes collected under this act, by said county, and such amount shall be subject to be paid out for the construction, repair,

improvement and maintenance of public highways, roads and bridges, in the manner in this act provided, for the work in this act provided for, within such county."

Under the above provision a question naturally arises as to just what "work" is within each county, provided for by the act. No construction work is provided for except that which refers directly to joint projects with the United States. Did Senate Bill 51 destroy the availability of the seventy-five per cent of the old state road tax fund for state highway construction in the counties, by confining that fund for use to the particular projects named in the act. That is a question to be solved by authorities.

Senate Bill 85 is the Industrial Commission bill. It aims to take the place of the former workmen's compensation for injuries laws, by providing an initial state appropriation of \$100,000.00 to become the starting fund for what will be employers insurance to all classes of employees in the state. The further amounts necessary will be collected from employers according to a scale of hazards in connection with particular employments. A con-

tinuing appropriation of \$25,000.00 each year is in the bill, to pay the salaries and expenses of the commission which is to be composed of three members appointed by the governor for six year terms.

Our readers will find in the tables connected with this article a foundation for such comparisons and for such study of matters connected with the finances of the state from a standpoint of legislative action in the matter of appropriations, so tabulated as to bring the more important subjects with their respective appropriations, side by side with appropriations upon similar subjects made by the 1919 legislature.

In other articles in this issue special mention is made of the matter of changes in important laws, which make essentially material changes in appropriations, both in amounts and in other features. With it all, an endeavor has been made to give our readers a full statement upon the subject of appropriations which will become the basis for the state budget for expenditures of the coming two years, and will also become the basis upon which the tax rates of those years, for state purposes will be computed.

Explanation of Front Page Diagram

On the front page of this magazine there is a table or diagram showing a distribution of state tax funds among the various departments, institutions and administrative offices of the state.

This diagram does not include additional funds which arise from other sources of revenue to the state and which are added to the different amounts shown by the chart referred to.

As shown by the chart, nearly 50c of the tax raised funds of the state, to be exact, forty-nine cents (49c) out of every dollar of such funds, go to educational purposes. To this amount is added rents from common school lands, interest on permanent funds derived from sales of forest products, sales of school and university lands, rentals of those lands, and the amount received from the United States Government on account of its administration of school and university lands within the forest reserves. The common school fund is also increased by rental of grazing lands in the forest reserves. These additional amounts will bring the percentage of funds used for educational purposes of all kinds up to nearly 60% of the entire expenditures of the state.

The items of Roads and Bridges is next on the chart with 20 1-2 cents out of

each tax raised dollar of state funds devoted to roads and bridges. In addition to this, the motor vehicle licenses are added. The motor vehicle fees up to July 1, 1920 amounted to \$195,225.41. The 20 1-2 cents out of the dollar of tax raised funds is increased by this amount in actual percentage of receipts from all sources for road purposes. To this must be added the sum of \$307,382.06 of Federal Aid actually received toward state roads for the fiscal year ending June 30, 1920. The amount here given of motor vehicle licenses and of Federal Aid amounts are for comparative purposes with the figures in the chart only approximate, the actual amounts which will be available for the purposes of the fiscal year beginning July 1, 1920 and ending June 30, 1921, will be more than the above amounts, due to new state and federal projects which are under construction.

The administrative and departmental expenses borne from tax raised funds amount to 13 1-2c out of each dollar. In dollars and cents the amount of that expense estimated for the fiscal year now running, and used for the purposes of the figures of the chart, amounts to \$606,820.00.

State Appropriations

(Continued from page 3)

	1920	1921	1922	1923		1920	1921	1922	1923
					AGRICULTURAL EX. WORK			\$15,000.00	\$15,000.00
ARIZONA RESOURCE S BOARD	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	LIVE STOCK SANITARY BOARD				
ATE ENGINEER					Salaries	\$ 7,500.00	\$ 7,500.00		
Salary	\$ 3,000.00	\$ 3,000.00	\$ 6,000.00	\$ 6,000.00	Expenses	2,625.00	2,625.00		
Travel Expense	2,500.00	2,500.00	2,500.00	2,500.00	Per Diem & Mileage	1,000.00	1,000.00	\$ 1,000.00	\$ 1,000.00
	\$ 5,500.00	\$ 5,500.00	\$ 8,500.00	\$ 8,500.00	Re-recording Brands..	4,350.00			
					Salary Secretary			2,400.00	2,400.00
					Office Help			5,400.00	5,400.00
					Other Expenses			3,000.00	3,000.00
					Printing Brand Book			1,500.00	
ADS & BRIDGES						\$15,475.00	\$11,125.00	\$13,300.00	\$11,800.00
State Road Tax	\$1,055,000.00	\$880,000.00	\$400,000.00	\$400,000.00	SHEEP SANITARY COMMISSION				
State Road Tax (Pri- son)	60,000.00	60,000.00	60,000.00	60,000.00	Expenses	\$ 4,500.00	\$ 4,500.00		
Arrowhead Trail	50,000.00				Chap. 42, Sec. 2. Laws 1919	5,000.00			
Colo. Riv. Bridge (Mohave)	40,000.00				Operating Expenses..			\$ 7,500.00	\$ 7,500.00
Approaches Lee's Fer- ry Bridge	10,000.00					\$ 9,500.00	\$ 4,500.00	\$ 7,500.00	\$ 7,500.00
Gila River Bridge (Graham)	65,000.00				STATE VETINARIAN				
Oak Creek Bridge (Yavapai)	10,000.00				Salary	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00
Superior Miami High- way	100,000.00				Office & Contg. Ex.	1,500.00	1,500.00	1,500.00	1,500.00
Williams Clarkdale Highway	35,000.00				Mileage	2,400.00	2,400.00	2,000.00	2,000.00
Tempe Bridge (Emer- gency)		20,600.00			Dourine Eradication	5,000.00			
Agua Fria Bridge (Emergency)		10,000.00				\$10,700.00	\$ 5,700.00	\$ 5,300.00	\$ 5,300.00
Winslow & Holbrook Apache Trail			25,000.00		DAIRY COMMISSION				
Williams & Ash Fork Miami & Superior			75,000.00		All Purposes	\$10,350.00	\$10,350.00		
Geronimo & Solomon- ville			25,000.00		Salary Commissioner			\$ 3,000.00	\$ 3,000.00
Phoenix & Yuma Co. Line			200,000.00		Deputy Commissioner			1,000.00	1,000.00
Cucson & Nogales (Bridges)			50,000.00		Clerical Assistance			1,500.00	1,500.00
Ash Fork & Mohave Co. Line					Expenses			4,370.00	4,370.00
Prescott & Jerome						\$10,350.00	\$10,350.00	\$ 9,870.00	\$ 9,870.00
Yuma & Maricopa Co. Line					DESTRUCTION OF PREDATORY ANIMALS	\$50,000.00	\$50,000.00	\$25,000.00	\$25,000.00
Douglas & N. M. State Line					GAME WARDEN				
Airbanks & Santa Cruz Co. Line					Salaries	\$ 3,000.00	\$ 3,000.00		
I. B. 94, Yuma Co. Highway					Travel Expense	1,000.00	1,000.00		
Chap. 149, Sess. 1919)			30,000.00		Salary Warden			\$ 2,400.00	\$ 2,400.00
	\$1,425,000.00	\$970,000.00	\$1,295,000.00	\$460,000.00	Office Deputy			1,800.00	1,800.00
CATON FLORENCE					Expenses			1,000.00	1,000.00
POWER LINE	\$50,000.00					\$ 4,000.00	\$ 4,000.00	\$ 5,200.00	\$ 5,200.00
COMMISSION OF AGRICULTURE & HORTICULTURE					INDUSTRIAL COM- MISSION			\$125,000.00	\$25,000.00
All Purposes	\$32,675.00	\$32,675.00			COMMISSIONER OF IMMIGRATION	\$ 1,000.00	\$ 1,000.00	\$ 8,000.00	\$ 8,000.00
Salaries			\$15,000.00	\$15,000.00	FREE EMPLOYMENT OFFICE	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Wages of Inspectors			12,820.00	12,820.00	MINE INSPECTOR				
Office & Traveling Exp., Publications, Auto Supplies and Upkeep, Field Scouts and all oth- er Expenses					Salaries	\$10,200.00	\$10,200.00		
I. B. 43 Spl. Appr. ..			22,180.00	22,180.00	Office Expense	1,800.00	1,800.00		
I. B. 56 Seed Testing ..			17,000.00		Travel Expense	5,600.00	5,600.00		
			1,000.00		Automobile			\$ 1,500.00	
					Salary Mine Inspector			3,000.00	\$ 3,000.00
					Deputy Mine Inspec- tors			7,200.00	7,200.00
					Office Clerk			1,800.00	1,800.00
					Expenses			5,350.00	5,350.00
					S. B. 76 Relief Appr.			300.00	
						\$17,600.00	\$17,600.00	\$19,150.00	\$17,350.00
	\$32,675.00	\$32,675.00	\$68,000.00	\$50,000.00					

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	1920	1921	1922	1923		1920	1921	1922	1923
INSPECTOR OF WEIGHTS AND MEASURES					Building	25,000.00			
Salary	\$ 3,200.00	\$ 3,200.00	\$ 2,400.00	\$ 2,400.00	Deficiency	35,000.00			
Expenses	1,500.00	1,500.00	1,200.00	1,200.00	Maintenance & Rep.			\$ 5,000.00	\$ 5,000.00
					Operation			50,000.00	50,000.00
	\$ 4,700.00	\$ 4,700.00	\$ 3,600.00	\$ 3,600.00		\$209,000.00	\$53,800.00	\$55,000.00	\$55,000.00
COM. OF STATE INSTITUTIONS					COMMON SCHOOL FUND				
Salaries	\$ 9,600.00	\$ 9,600.00				\$877,500.00	\$1,057,500.00	\$1,250,000.00	\$1,375,000.00
BOARD OF DIRECTORS STATE INSTITUTIONS					SUPT. PUBLIC INSTRUCTION				
Expenses	\$25,000.00	\$25,000.00	\$ 3,700.00	\$ 3,700.00			\$3,000.00	\$ 3,000.00	\$ 3,000.00
Salary Secretary			4,800.00	4,800.00	COUNTY SCHOLARSHIP				
Purchasing Agent			4,800.00	4,800.00		\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
Clerical Help			11,700.00	11,700.00	UNIVERSITY OF ARIZONA				
	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00	Maintenance	\$218,082.50	\$218,082.50		
STATE FAIR					Improvement	41,950.00	41,950.00		
All Purposes	\$69,000.00	\$83,571.88			Farm Maint. & Improvement	18,550.00	14,750.00		
Maintenance & Improvement			\$37,500.00	\$27,500.00	Co-op. Agricultural Ex.	7,433.71	10,000.00		
Repairs & Improvement			20,000.00		University Extension	25,160.00	26,160.00		
S. B. 74 Relief Appr.			2,937.50		Printing	9,000.00	9,000.00		
'Continuing Appropriation			15,000.00	\$15,000.00	Citrus Investigation	10,000.00	5,000.00		
	\$69,000.00	\$83,571.88	\$75,437.50	\$52,500.00	Land & Buildings	184,900.00	54,500.00		
CAPITOL BLDG. AND GROUNDS					Education D. D. & B.	36,550.00	36,550.00		
Com. Add to Capitol	\$30,000.00				Bureau of Mines	31,000.00	31,000.00		
All Purposes	45,000.00	\$30,000.00			Date Palm Orchard	3,175.00	2,575.00		
Equipment			\$ 1,000.00	\$ 1,000.00	Date Palm & Horti. Station	18,425.00	4,725.00		
Repairs & Replacement			3,600.00	3,600.00	Dry Farming	4,500.00	4,500.00		
Salaries & Wages			23,400.00	22,400.00	Plant Introduction	4,260.00	4,260.00		
Expenses			11,600.00	11,600.00	Prescott Dry Farm	6,090.00	5,690.00		
	\$75,000.00	\$30,000.00	\$39,600.00	\$39,600.00	S. R. V. Ex. Farm	16,510.00	12,510.00		
ASYLUM FOR THE INSANE					Sulphur Springs Dry Farm	4,490.00	4,540.00		
Maintenance	\$120,000.00	\$123,000.00			Surface Water Investigation	3,000.00	3,000.00		
Bldg. & Improv.	52,682.84	20,900.00			Underflow Water Investigation	2,400.00	2,400.00		
Deficiency Appr.	40,000.00				Experimental Wells, San Simon Valley	15,000.00			
Improvements			\$ 15,000.00	\$ 15,000.00	Invest. of Irrig. Projects San Simon, Sulphur Springs & San Pedro	10,000.00			
Operation			125,000.00	125,000.00	Install H. Gates White River	5,000.00			
	\$212,682.84	\$143,900.00	\$140,000.00	\$140,000.00	H. B. 106 Emergency App.			\$75,000.00	
PIONEERS' HOME					(Mill Tax) Estimated			800,000.00	\$1,040,000.00
Maintenance	\$27,195.00	\$29,195.00				\$675,476.21	\$491,192.50	\$875,000.00	\$1,040,000.00
Improvement	6,068.00	1,000.00			NORTHERN ARIZONA NORMAL				
Building	32,850.00	32,850.00			Maintenance	\$110,780.00	\$105,380.00	\$ 6,100.00	\$ 6,000.00
Auto & Maintenance	2,100.00	1,000.00			Improvement	10,000.00	5,500.00		
Deficiency	10,000.00				Real Estate	13,225.00			
Operation			\$40,000.00	\$40,000.00	Buildings	132,716.72			
Improv. & Equip.			4,000.00	4,000.00	Deficiency	15,000.00			
S. B. 75 Relief App.			6,328.00		Equipment			23,010.00	2,650.00
	\$78,213.00	\$64,045.00	\$50,328.00	\$44,000.00	Library Equip. and Bldg.			6,000.00	
STATE PRISON					Protective Cottage & Equipment			1,500.00	
Maintenance	\$145,000.00	\$156,000.00	\$140,500.00	\$140,500.00	Campus Improvement			5,000.00	10,000.00
Improvement	24,845.00	35,000.00	5,000.00	5,000.00	New Books for Library			1,500.00	1,000.00
Capital Fund			10,000.00	10,000.00	Operation			138,000.00	147,000.00
	\$169,845.00	\$191,000.00	\$155,500.00	\$155,500.00	H. B. 106 Emergency Appropriation			20,000.00	
BOARD OF PARDONS						\$281,721.72	\$110,880.00	\$201,110.00	\$166,650.00
All Purposes	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	TEMPE NORMAL SCHOOL				
INDUSTRIAL SCHOOL					Maintenance	\$116,500.00	\$116,500.00		
Maintenance	\$49,000.00	\$53,800.00			Improvements	8,950.00	5,000.00		
Improvement	100,000.00								

(Continued on page 7)

(Continued from page 6)

	1920	1921	1922	1923		1920	1921	1922	1923
Buildings		35,000.00			COURT COMMIS- SIONER	\$ 100.00	\$ 100.00	\$100.00	\$100.00
Land	18,100.00				SUPERIOR JUDGES	\$27,400.00	\$28,925.00	\$33,549.60	\$33,549.60
Deficiency	26,896.79				Expenses While Act- ing Supreme Judges	250.00	250.00	250.00	250.00
Capitol Fund			\$35,000.00	\$15,000.00		\$27,650.00	\$29,175.00	\$33,799.60	\$33,799.60
Gas Supply			8,000.00		SUPREME COURT				
Operation			135,000.00	135,000.00	Salaries, Judges	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00
H. B. 106 Emergency			20,000.00		Other Salaries	10,500.00	10,100.00		
	\$170,446.79	\$156,500.00	\$198,000.00	\$150,000.00	Contingent Ex.	1,000.00	1,000.00	1,000.00	1,000.00
VOCATIONAL EDUCATION					Printing Reports	750.00	750.00		
All Purposes	\$184,840.00	\$368,439.00			Salary Clerks			2,700.00	2,700.00
Salary Director			\$ 3,600.00	\$ 3,600.00	Stenographers			6,300.00	6,300.00
Clerical Asst.			3,000.00	3,000.00	Reporter of Decisions			1,200.00	1,200.00
Office Expenses			900.00	900.00	Office Equipment			1,500.00	
Continuing Appro....			370,000.00	370,000.00		\$27,250.00	\$26,850.00	\$27,700.00	\$26,200.00
	\$184,840.00	\$368,439.00	\$377,500.00	\$377,500.00	LAW LIBRARIAN				
I. S. & NORMAL VOCATIONAL PURSUITS	\$70,000.00	\$70,000.00	\$75,000.00	\$80,000.00	Salaries	\$ 4,500.00	\$ 5,700.00		
I. B. 143 VOCATIONAL REHABILITATIONS			\$ 5,000.00	\$ 5,000.00	Expenses	1,350.00			
NORMAL AND HIGH SCHOOL CADET COM.	\$12,000.00	\$31,000.00	\$12,000.00	\$12,000.00	State Librarian			\$ 2,700.00	\$ 2,700.00
MILITARY DEPARTMENT					Asst. Librarian			1,800.00	1,800.00
All Purposes	\$50,000.00	\$50,000.00	\$64,630.00	\$76,655.00	Stenographer			1,500.00	1,500.00
STATE HISTORIAN					Com. Uniform Laws				
Salaries	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	All Purposes			150.00	150.00
Expenses	7,000.00	7,000.00	3,500.00	3,500.00		\$ 5,850.00	\$ 5,700.00	\$ 6,150.00	\$ 6,150.00
	\$ 9,400.00	\$ 9,400.00	\$ 5,900.00	\$ 5,900.00	LEGISLATIVE EXPENSE & SALARIES				
PIONEERS' HISTORI- CAL SOCIETY					Fourth State Legis. ..	\$75,000.00			
All Purposes	\$ 1,325.00	\$ 1,325.00	\$ 1,440.00	\$ 1,440.00	Spl. Sess. Legislature				
STATE LABORATORY					1919		2,700.00		
Salary	\$ 1,800.00	\$ 1,800.00			Fifth State Legisla- ture		75,000.00		
Expense	2,700.00	2,700.00			H. B. 1			\$67,000.00	
Equipment			\$ 350.00	\$ 350.00	H. B. 187			8,000.00	
Salary Director			3,000.00	3,000.00		\$75,000.00	\$77,700.00	\$75,000.00	
Office Help			1,500.00	1,500.00	PORTRAITS OF LEGIS. PRES. & SPEAKER	\$ 400.00		\$800.00	
	\$ 4,500.00	\$ 4,500.00	\$ 4,850.00	\$ 4,850.00	PREMIUM ON BOND STATE OFFICIALS	\$ 550.00	\$ 550.00	\$550.00	\$550.00
BOARD OF DENTAL EXAMINERS					PRINTING REPORTS STATE OFFICIALS	\$ 7,500.00	\$10,000.00	\$10,000.00	\$10,000.00
All Purposes	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	Interest on Register- ed Warrants	\$25,000.00	\$25,000.00	\$120,000.00	\$50,000.00
H. B. 161 Spl. Appro.			220.90		Interest on St. Louis Exposition Bonds	\$ 1,500.00	\$ 1,500.00	\$1,500.00	\$1,500.00
S. B. 124 Spl. Appro.			120.94		Redemption on St. Louis Ex. Bonds	\$ 2,500.00	\$ 2,500.00	\$2,500.00	\$2,500.00
	\$ 1,500.00	\$ 1,500.00	\$ 1,841.84	\$ 1,500.00	Int. Univ. of Ariz. (1901)	\$ 1,250.00	\$ 1,250.00	\$1,250.00	\$1,250.00
CHILD WELFARE BOARD			\$30,000.00	\$30,000.00	Int. Univ. of Ariz. (1903)	\$ 550.00	\$ 550.00	\$550.00	\$550.00
BOARD OF HEALTH					Redemption U. of A. Bonds	\$ 2,500.00	\$ 2,500.00	\$2,500.00	\$2,500.00
Salary	\$ 2,000.00	\$ 2,000.00			Int. Asylum for In- sane	\$ 1,000.00	\$ 1,000.00	\$1,000.00	\$1,000.00
Expenses	2,000.00	2,000.00	\$ 4,250.00	\$ 4,250.00	Int. State Funded Debt	\$32,038.76	\$32,038.76	\$32,038.76	\$32,038.76
Mileage	2,400.00	2,400.00			Redemption St. Fund- ed Debt	\$25,958.90	\$25,958.90	\$25,958.90	\$25,958.90
Clerical Asst.	3,000.00	3,000.00	1,000.00	1,000.00		(Continued on page 8)			
Health Work	12,700.00	12,700.00	1,000.00	1,000.00					
Registrar Vital Stat.			1,000.00	1,000.00					
Clerical Asst.			4,000.00	4,000.00					
Various Health Depts.			10,000.00	10,000.00					
Publications			2,000.00	2,000.00					
	\$22,100.00	\$22,100.00	\$22,250.00	\$22,250.00					
BOARD OF BAR EX- AMINERS									
All Purposes	\$ 400.00	\$ 500.00	\$600.00	\$600.00					

(Continued from page 7)

	1920	1921	1922	1923	Mormon Monument	Battalion	1920	1921	1922	1923
									\$2,500.00	
Int. Capitol Building	\$ 5,000.00	\$ 3,750.00	\$3,600.00	\$3,600.00	State Anthem		\$ 600.00			
Cave Creek Flood Control			\$50,000.00		Northern Arizona Fair		\$ 5,000.00	\$ 5,000.00	\$5,000.00	\$5,000.00
State Smelter & Samp. Wks.	\$ 5,000.00				County Fair Assistance		\$14,000.00	\$14,000.00	\$14,000.00	\$14,000.00
Emergency Departmental Deficiencies	\$24,438.00				Various Relief Appropriations		\$15,229.88		\$44,026.55	\$21,386.00
General Fund Deficit	\$190,000.00									
Welcoming Returned Soldiers	\$ 5,000.00									
					TOTALS		\$5,719,986.10	\$4,683,796.04	\$6,187,181.15	\$5,140,298.26

The New Mill Tax for the University of Arizona

Looking to the table published in the present issue of this Magazine under the heading: "University of Arizona" it will appear that the specific appropriations for university purposes which required tax levies to meet them, amounted to \$675,476.21 for the year 1920, and to \$491,192.50 for the present year 1921. House Bill 127 passed by the last legislature provides for a tax of one mill on the dollar of total assessed valuations for the year beginning July first 1921; and provides for a tax of one and three tenths mills on the dollar of assessed valuations for the year beginning July first 1922. On an estimated total valuation of the property of the state for those years at \$800,000,000.00 the "mill" tax for the first year will produce \$800,000.00, and the "mill and three tenths" tax for the next year will produce \$1,040,000.00. When the matter of increased taxation for those two years is hereafter considered by the taxpayers of the state, and the tax rates of the past bi-ennial period is considered in comparison with the tax rates which will follow for the next similar period, there is an increase of over \$748,000.00 to be accounted for in connection with the changed law as just made.

In addition to above appropriations to be raised by tax levy, there are "other sources of revenue" which go to the support of the university. For the year ending June 30, 1921, Federal appropriations amounting to over \$101,922.00 were received and are being expended. The laws of Congress which make those appropriations available are still in force, and as much as \$101,922.00 per year will be added to the "mill tax" levies referred to above in this article. To this must be added interest from funds derived from sales of timber on University lands, interest upon sales of University lands and other miscellaneous receipts to the University.

The people of Arizona may be proud

of the fact that they support a million dollar a year university. The desire of the public to do everything possible for the mental advancement of the youth of the present generation, that better and higher things may be expected when the youth of today become the controlling factors in public affairs of the future may be favored ideals of our citizens. But in bringing about a consummation of the results in keeping with such ideals, the business end of the whole matter should not be lost to view. With the cost of maintaining the University and supplying it with new buildings and other educational facilities increasing the tax rolls of the state at the rate of \$748,000.00 for a single biennial period. When nearly three-fifths of the entire public expenditure in Arizona goes towards education in all its branches from the district common school to the University and Normals. With that increase coming at a time when the burden of taxation is being felt by the public more keenly than ever before since statehood, the strictest business methods should be applied to every branch of the entire system of education in the state. Money alone will accomplish nothing. Money, well spent, will accomplish just as much as money lavishly expended.

There is no reason of sentiment nor other reason whatever, attached to the idea of education, which should exempt our educational system from the same principles of business which are being applied to other state activities. Arizona aims at an idealistic state government connected with each and every one of her public activities. That aim can soonest be accomplished with the aid of the generous citizenry of the state, by starting with the best in the way of placing before the public at large facts and figures which show the necessity for a course of conduct to any desired end in public achievement.

Business is business. Budgets are budgets. The public of today are demanding business methods confined to business budgets in connection with all public enterprises.

The State Common School Fund

Senate Bill 83 provides for raising by direct tax not less than twenty-five dollars per capita on all children in average daily attendance as shown by the records of the State Superintendent of Public Instruction for the preceding year. Estimating the amount to be raised by taxation under this law, fifty thousand pupils in daily average attendance for the present year will call for a tax amounting to \$1,250,000.00 for the year commencing July first 1921; on an estimate of fifty-five thousand pupils in daily average attendance for above year, the tax for the year commencing July first 1922, will amount to \$1,375,000.00.

When the increased appropriations for the two years immediately in the future are considered in comparison with the appropriation for the year ending June 30, 1920, it must be borne in mind that the increase for common schools calls for at least \$372,500.00 more in taxes upon the tax rolls of 1921; and it must also be borne in mind that the increase for common schools calls for at least \$497,500.00 more in taxes to be spread upon the tax rolls for 1922.

The two main subjects of legislative appropriations—common schools and the state university—will account for approximately all the increased rates, not accounted for by the normal increase in expenditures for other state purposes due to a natural growth in the importance of the activities connected with those purposes.

In passing over the subject of state taxes for the state common school funds, the fact must not be lost, that with the increased amount raised for that state fund, and so raised for distribution to the counties and school districts of counties, that increase should be carefully considered by county officials in making up the school budgets for county rate tax levies. If this is not done there will be a double amount raised.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, APRIL, 1921

NUMBER FOUR

GUARD PUBLIC CREDIT BY ECONOMIZING ITS USE

Uncontrolled use of the public credit in bond issues for public improvements will be condemned by sound thinkers at all times. More than usual care in the use of that credit must be taken at times like the present when the public is burdened with constantly increased state, county, and municipal tax rates, when all private activities, whether in farming, mining, merchandising, manufacturing, banking, or whatever the particular activity may be, are groping in the darkness of uncertainty as to future prospects of success necessary for continued prosperity of the country at large, with some clouds of disaster to business apparent in the financial horizon. It may be easy to borrow for public expenditure. It is certain that the money so borrowed and expended under present cost conditions brings diminished results in completed improvements for public benefit. It is certain that public loans must be paid in one hundred cent dollars and paid with interest. The amount which the public must pay to preserve its credit is and will be a fixed and inflexible amount, no matter how much the purchasing power of a dollar may fluctuate and vary with a return to more normal times of prices and values. Conservative thinkers are seemingly unanimous as to matters of special conservation of credit, borrowing only for urgent necessities. The public should follow that same principle and economize its credit, and not continue any course of continued expenditures of borrowed public funds, for any purpose whatever, when the particular purpose will not stand a strict test of immediate public necessity as compared with possible public convenience. Certain fixed governmental expenditures are indispensable, are current, and must be met in the ordinary course of public affairs, the incident burden of such expenditures must be carried by the tax-paying public. Bond issues are permitted only for extraordinary purposes. With a public straining under the ordinary expenses of public maintenance its collective credit should not be used to raise money for extraordinary public purposes, thereby increasing the load incident to taxes for the ordinary public purposes.

Economize at the fountain head. Guard the credit of the people individually and as a public. Issue public bonds only for purposes imperatively necessary and indispensable to present public needs.

EDITORIAL COMMENT

Increased Taxation and Public Indebtedness As Connected With Increased Public Expenditures

In a recent number of the Bulletin of the National Tax Association some startling figures are given as to the increased taxation in the state of Ohio. Those figures show that in 1851 the average tax paid by each man, woman and child of the population of that state at that time was only \$2.50. Not as much as the ordinary poll taxes of today. Those figures also show that between 1910 and 1919, the taxes collected in that state increased from \$71,921,650.00 to the sum of \$134,517,811.00. Nearly double. Those figures also show that the local public indebtedness in the state within last mentioned period increased from \$187,574,322.00 to \$456,487,442.00. These figures show the trend of events in connection with public expenditures. It shows that public officials fully recognize the inability to increase expenditures for public purposes by amounts to be actually raised in annual taxes to be paid by the public which is supposed to be presently benefited with the results from such expenditures, and it is evident that public officials in that state have also fully recognized the indifference with which the public are willing to incur debts, to pledge public credit for bond loans, reap the benefit from those loans, and leave the bulk of the burden of payment thereof to future generations of the succeeding public.

Our Forefathers Borrowed When Loans Were Not Avoidable

In the early history of this country the matter of borrowing money for public use was considered a serious proposition. Our forefathers were thrifty and keen of vision. The idea of voluntarily assuming an indebtedness except in extremes of necessity produced from some unforeseen and unavoidable happening in connection with their private affairs was abhorrent to them. That same thrifty foresight was exercised in connection with public matters. The matter of taxation to pay such public debts as were created, was at the time, a matter more closely connected with the individual property owner. In other words, the men who created the debts were more nearly identical with the men who would eventually pay those debts. The slogan of that period was to leave the

"farm clear for the widow and the children," and that slogan seemed to carry through for use in connection with the public affairs of the day.

"Borrow Today," Pay When You Can—Present Day Idea

Analyzing the matter in the light of history, there seems to have been a complete reversion of ideas. It seems to be true that the people of the present day take no thought of tomorrow when they vote to pledge the credit of their town, their city, their county, and their states, for money to be expended for some presently desired public improvement. The matter of the ultimate pay day for the principal of such loans does not seem to seriously concern them. Posterity will pay, let posterity do the worrying about the burdens and possible hardships incident to that payment. So it is, with that apparent change in public attitude, that change from the careful method of the past to an almost indifferent modern method now in vogue, that not only have the current annual tax amounts to be raised and paid by the taxpayers, doubled and trebled in amount, but on top of that the amount of bonded indebtedness of towns, cities, counties and states has multiplied in the amounts of principal of such debts.

Without dwelling more upon the above situation with further illustrations thereof, than to say that what is true in Ohio, is true in every state in the Union including our own state—Arizona. The problem to be dealt with, and to be continuously considered is that problem of where will be the end of it all. To what final financial condition will the public drift if that problem of ultimate end is not taken into serious consideration by the present public?

Taxes Increase and Bond Issues Appear in Multiplied Amounts

When it is true that within a ten-year period, the amounts raised for public purposes upon tax rolls of towns, cities, and counties, show quadruple aggregates at the last end of the period as compared with the aggregates at the beginning of that same period. When it is true that, aside from interest raised to be paid, and sinking fund for final payment of public

bonds, those multiplied aggregates represent increased cost for current purposes of town, city, county and state governments, it must be taken as true that the same proportionate increase in current tax aggregates may follow for the next succeeding ten or twenty-year period. Will follow, in fact, unless present ideas as to what is necessary for current governmental purposes and objects of each of those coming years is given more close attention than has been given to the proposed expenditures and actual expenditures which have brought about the multiplied aggregates shown year by year and in the end of the past ten-year period.

Public Expenditures Increase Like the Opening of a Fan

The further serious problem to be worked over in the public mind is that problem of the multiplied aggregate of public indebtedness which presents itself as the final result of ten years of public activities. Moderately stated, the two situations are connected with each other in this way. Current annual tax rates have reached a point where those tax rates approximate two and even three per cent of the actual cash values of the property taxed. Termed in words of principal and interest, the public are paying interest at the rate of two, and in some places, three, per cent upon the individual property owned by members of that public, for the privileges afforded by organized government in times of peace. This rate is a fixed annual charge against all property which is permanent today and which will exist as permanent for the future. Added to that fixed annual charge, made to meet current necessities of government—so-called—is the principal of bond issues, raised and expended for present enjoyment of that same public. An amount of principal which, during the same ten-year period has tribbled and quadrupled and if the proposed new bond issues which are presently proposed from every side, and for every purpose for which bond issues may be made, are successful, that same tribbling and quadrupling of present aggregates will appear as the total bonded indebtedness at the end of the next ten-year period. The connection is then, that ordinary current expendi-

tures will have increased to an amount to be all that the taxpayers can stand, with extraordinary expenditures increased and multiplied regardless of whether or not the taxpaying public can stand the strain of future payment or not. Both increased amounts, that amount represented by annual taxes, and that other amount represented by increased bonded indebtedness, are opening out like two fans, with the public bent upon an evident purpose of opening both fans to the limit, but with no thought as to when or how either may be closed.

Safety For Future of Public Lies in Economy of Today

The Magazine does not intend to be a gloom dispenser. It stands for progress. It stands for the doing of everything by the public, and through public activities, which will bring about a development of every possible opportunity presented in Arizona, to the end of future prosperity,

future happiness, and future welfare of her people. It is not speaking of possible future calamity, as a means of deterring its readers from any course which will develop the state along lines of sure, safe, and assured permanency of development. If what is said in this article is read and treated only as a suggestion of "safety first," the true purpose of the article is understood. Reckless expenditure of money raised by taxes or by bond issue is one extreme; conservative, safe, and well-considered necessity prior to any expenditure of public money for any purpose, is not another extreme—it is the true line for proper action. Just so far as any proposed expenditure. Just so far as any proposed bond issue for money for expenditure includes a purpose of expenditure or an amount for expenditure, in excess of present necessities, then to the extent that the one or the other varies from that true line towards what is above given as the extreme of extravagance, then to that extent, and under present conditions in the financial world, this *Magazine* must be

fearless and unafraid in its opposition to any and every tendency towards a departure from the true line also indicated as such.

Summing this whole matter up in the language of Mr. Allen R. Foote, who was the father of the idea of taxpayers' associations as a means of dealing with problems such as above presented, when he said:

"I do not see how the National Tax Association is to get very far unless it frankly defines its position as to this fundamental phase of the matter. All governments, national, state and local, must convince the taxpayers that their money is being properly used and not wasted and frittered away, in whole or in part."

Adding thereto only the underlying principle which this *Magazine* and the Arizona Taxpayers' Association adopted at its organization, that principle of economy in the whole matter of public expenditures, basing economy upon real public necessities, and consistent with efficiency.

A Comparison of Expenditures of the Incorporated Cities and Towns of Arizona for Last Two Fiscal Years

Not unimportant in connection with the general question of taxes, is the matter of amounts of taxes raised for the administration of the local governments of cities and towns in this state. Appended hereto are tables showing the names of the incorporated towns and cities of Arizona, showing the taxes levied for each of the two fiscal years 1919-1920, and 1920-1921; showing also for each year the amounts of other sources of revenues, and showing totals. These tables are taken from the bi-ennial report of the State Tax Commission.

In the year covered by the first statement, the total tax levy for all cities and towns was \$1,445,260. In the last year covered thereby the tax levy was \$1,883,847. An increase in tax levies of \$438,587 from one year to the other.

The other revenues for expenditures by the towns and cities show for the first year referred to in statements, a total of \$945,603.00 also show a total of \$1,427,910.00 for the last year. An increase in revenues of \$482,307.00 in favor of the latter year.

Increased Cost of City and Town Government in Arizona Nearly a Million in One Year

Assuming that all taxes and other revenues were expended, and assuming also

no deficits existed, then it appears that it cost the towns and cities of Arizona \$920,894.00 more to run their local affairs for the fiscal year referred to as 1920-1921, than it did for the previous year 1919-1920. Separating that aggregate of increase with some detail as to specific towns and cities, the tables show that Phoenix expended \$543,117.00 for the year 1919-1920, and expended \$974,539.00 for the following year 1920-1921. An increase of \$431,422.00. Tucson increased its expended amounts from \$381,591.00 in the first year to \$418,251.00 in the latter year named, a net increase of \$36,660.00. Bisbee increased from \$216,158.54 to \$222,778.89, a net increase of \$6,620.00. Prescott increased from \$115,962.00 to \$135,185.00, a net increase of \$19,223.00. Glendale increased from \$73,313.61 to \$109,520.00 in the same period, a net increase of \$36,206.39. Phoenix stands quite prominently in the column of increased amounts, when it also appears that with a total of increases for the whole state, of \$920,894 distributed among all towns and cities Phoenix heads the list with an increase of \$431,422.86. With the increase in Glendale added to that of Phoenix, these two municipalities of the Salt River Valley account for more than one-half of the aggregate of increase for towns and cities of the state. Phoenix alone expended approximately one-

third of the entire total of the cost of municipal government of the cities and towns of the state for last year, with a total of \$974,539.00 for its municipal government out of the grand total of \$3,311,757.00 for the other twenty-eight towns and cities of the state, with more than twice the expenditures of the city of Tucson — \$974,539.00 as compared with Tucson's \$418,251.00, with over four times that of Bisbee.

Actual Expenditures Must Also Include Bond Issues

The figures of the tables do not show amounts of bond issues raised and expended during the two years, nor has the *Magazine* any authentic figures available to show the actual amounts of such expenditures.

Dispense With Useless Wheels in Government

Looking at the figures of the tables, and having in mind the cost of county and state, and school district maintenance, to be added thereto, reflection seems to warrant the assertion that it costs the public money for each and every wheel in the machinery of its government. The further reflection of suggestion that possibly some

(Continued on page 4)

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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Who Should Vote at Bond Elections?

Now that the voting of bonds, more bonds, and yet still more bonds, seems to be the order of the day. When the necessity for bond issues may have its origin in no more than the request of some persons interested in some commercial industry to be fostered and made more profitable if certain improvements be made by the public out of the proceeds of bond issues, or when the necessity for a bond issue may have its inception in local boards, commissions, and other municipal officers, imbued with an idea of making a record of accomplishment in amount of improvements made under their respective era of control of public affairs. When it is a fact that the necessity for a bond issue seldom, if ever, has its inception through a concentrated public opinion that the particular object be accomplished by means of bond-money. When these facts are considered, there should also be considered the question of whether or not the "boosters" for a bond issue in any particular instance, are persons who will be on hand, or represented by property to be taxed, when pay day comes around, and money must be raised to pay the principal of those bonds. It seems too easy in many

instances to vote bonds to be paid by taxes upon the permanent property of the other fellow, so easy in fact and in the light of past experience of such voting, that the matter of qualifications of voters upon questions of bond issues is one which should be limited to the strict letter of the law controlling those qualifications.

Constitutional Provisions As to Bond Elections

There are constitutional provisions upon the subject of voting at bond elections. They are found in Article VII of the Arizona constitution. Section 12 of that article reads as follows:

"There shall be enacted registration and other laws to secure the purity of elections and guard against abuses of the elective franchise."

Section 13 of that same article reads as follows:

A COMPARISON OF EXPENDITURES OF THE INCORPORATED CITIES AND TOWNS OF ARIZONA FOR LAST TWO FISCAL YEARS

(Continued from page 3)

wheels might be dispensed with, and an

"Questions upon bond issues or special assessments shall be submitted to the vote of property taxpayers, who shall also in all respects be qualified electors of the state, and of the political subdivision thereof affected by such question."

No "Purity of Election Laws" to Control Bond Elections

Arizona has been a state since 1912. Five regular sessions of our state legislature have completed their labors. At every one of those five sessions the question of "purity of elections," and of primary and general election laws to guard against any abuse of the elective franchise as pertains to who shall temporarily be in office. Original and amended registration laws as applied to general elections of state officers have found their way into our code
(Continued on page 5)

Incorporated Cities and Towns—Receipts and Expenditures For the Year 1919-1920.

	Fiscal Year	Taxes	Receipts From	TOTAL
	Ending	Levied	Other Sources	
Bisbee	June 30, 1920	\$ 154,612.50	\$ 61,546.14	\$ 216,158.54
Casa Grande .....	.....	6,465.18	.....	6,465.18
Clifton	June 30, 1920	72,006.76	6,050.00	78,056.76
Douglas	May 31, 1920	133,178.73	62,402.78	195,581.51
Flagstaff	May 31, 1920	21,212.94	11,221.27	32,434.21
Florence	June 30, 1920	6,498.05	8,525.45	15,023.50
Glendale	June 30, 1920	21,765.80	51,547.81	73,313.61
Globe .....	.....	88,052.31	39,500.00	127,552.31
Holbrook	June 30, 1920	3,050.00	300.00	3,350.00
Jerome .....	.....	45,456.92	10,000.00*	55,456.92
Mesa .....	.....	24,220.12	135,325.00	159,545.12
Miami .....	.....	71,834.20	20,150.00	91,984.20
Nogales .....	.....	51,411.13	74,663.89	126,075.02
Phoenix	June 30, 1920	353,117.00	190,000.00	543,117.00
Pima .....	.....	9,158.56	3,315.34	12,473.90
Prescott .....	.....	2,163.36	.....	2,163.36
Safford .....	.....	58,112.23	57,850.00	115,962.23
Snowflake	June 30, 1920	871.31	100.00	971.31
Somerton	June 30, 1920	4,629.00	4,570.00	9,199.00
Tempe	Dec. 31, 1919	15,553.33	11,750.00	27,303.33
Thatcher .....	.....	2,039.07	300.00*	2,339.07
Tombstone .....	.....	4,795.47	1,820.00	6,615.47
Tucson .....	.....	215,777.90	165,813.89	381,591.79
Wickenburg	June 30, 1920	2,449.46	7,932.00	10,381.46
Winkelman	June 30, 1920	2,488.14	1,500.00	3,988.14
Willcox .....	.....	4,526.15	442.00	4,968.15
Williams	June 30, 1920	9,310.00	2,727.87	12,037.87
Winslow .....	.....	19,097.38	2,250.00*	21,347.38
Yuma .....	.....	41,308.06	14,000.00*	55,308.06
TOTALS .....	.....	\$1,445,260.56	\$ 945,603.44	\$2,390,864.00

*Estimated.

(Continued on page 5)

WHO SHOULD VOTE AT BOND ELECTIONS

(Continued from page 4)

of laws. One of the first amendments to our state constitution was an amendment increasing the amount of bond issues for certain county, school district, town and city purposes. But strange as it may be, not a single line of legislation to give force and effect to the language of Section 12 of Article VII of the state constitution as quoted above. Not a single provision as to prior registration of property taxpayers to guard against abuses of the elective franchise at elections where the credit of the public may be, and when it has already been pledged to the amount of millions of dollars, to be paid from taxation upon the taxable property which may be taxable in ten, fifteen, twenty or twenty-five years, to meet the principal obligation of those bonds. If the doors were open to abuses of the elective franchise in primary elections, and in general elections of officers to temporarily administer public affairs. If it was imperative that legislation follow constitutional mandates to guard

against possible abuses of the elective franchise at such elections, then those same doors are open and require legislation to guard against abuses of the elective franchise in bond elections. The opportunity for abuse is more than present, when a bond issue is fathered by administrative officers, whose powers include also the power to appoint all election officers who in turn determine as to the qualifications of persons presenting themselves at the polls of bond elections, and make that determination unaided by any regularly prescribed pre-registration of voters, whose real qualifications must appear before their names can get upon that registration book. In regular elections the election officers have little if any discretion as to who may vote. The poll list controls. They follow that list strictly. In bond elections, the possession at the polls of an automobile, of a tax receipt, of any other possible evidence of ownership of property, is passed up to the election officers as indicative of the right to vote. Those officers do use a discretion. It follows without argument that such discretion will not be used against the desires of

the appointing power higher up, and if those desires are that the bonds "carry," the doors are plainly open to an abuse of the elective franchise at bond elections. The people who are too busy with the cares of and incident to the property which must finally liquidate the bonds when voted, certainly have not the protection which the constitution intended them to have, when Section 12, of Article VII was inserted in the constitution.

Who Is a "Property Taxpayer" in Real Intent of Constitution?

Still another point to be noticed in connection with bond elections. The constitution in Section 13 of Article VII, uses the words: "property taxpayers." At the outset all taxes are levied upon property, real and personal, at its cash value. Thus at the outset, all taxpayers are property owners. The words "taxpayers" and "property" in the connection with voters, are to an extent synonymous. Opinions have been given that the word "property" in the election provision, means "any property whatever on the tax rolls." That it includes personal property as well as real property. If we look at the matter a little further, a person does not need to be a taxpayer to vote at other elections. One step more, and the framers of our constitution separated voters in general from taxpaying voters, when the question presented is one of bond issues or special assessments. The framers of the constitution could well have stopped at the use of the word: "taxpayers" to make the desired distinction, if it was simply desired to exclude voters without taxable property from bond elections. But some added force should be given to the word: "property" as used and preceding the word: "taxpayers," in the constitutional language actually used. If that word property is construed to mean no more than the word "taxpayer" would mean, in the connection used, then unless some further meaning was intended from its use, the word "property" is surplusage. If, however, that word stands for permanent property, just as it could fairly be construed to mean when the words: "special assessment" is used later in the connection with bonds. Just as the words: "special assessment" has always been construed to mean some assessment in connection with property of a permanent and fixed nature, specially benefited as the result of such assessment. It is possible that the prevailing opinion which now controls action and voting in bond elections should be revised. So revised for the reason that it does not give full effect to the real intent of the constitutional provision.

Incorporated Cities and Towns—Receipts and Expenditures For the Year 1920-1921.

	Fiscal Year Ending	Taxes Levied	Receipts From Other Sources	TOTAL
Bisbee	June 30, 1921	\$ 151,960.17	\$ 70,818.72	\$ 222,778.89
Casa Grande .....	.....	8,489.02	.....	8,489.02
Chandler .....	.....	18,316.30	3,000.00	21,316.30
Clifton	June 30, 1921	75,803.69	3,000.00	78,803.69
Douglas	May 31, 1921	131,542.36	268,680.69	400,223.05
Flagstaff	May 31, 1921	36,379.37	9,800.00	46,179.37
Florence	June 30, 1921	12,060.52	11,290.00	23,350.52
Gilbert	June 30, 1921	3,758.75	.....	3,758.75
Glendale	June 30, 1921	21,733.39	87,786.61	109,520.00
Globe .....	.....	93,139.24	39,500.00	132,639.24
Holbrook	June 30, 1921	11,575.58	500.00	12,075.58
Jerome .....	.....	52,043.45	14,110.00	66,153.45
Mesa .....	.....	26,433.06	160,300.00	186,733.06
Miami .....	.....	84,150.81	21,000.00	105,150.81
Nogales .....	.....	54,961.78	95,908.33	150,870.11
Phoenix .....	.....	634,039.86	340,500.00	974,539.86
Pima .....	.....	2,412.38	.....	2,412.38
Prescott .....	.....	57,700.00	77,485.00	135,185.00
Safford .....	.....	9,747.51	3,500.00*	13,247.51
Snowflake	June 30, 1921	893.09	130.00	1,023.09
Somerton	June 30, 1921	9,976.84	4,937.60	14,914.44
Tempe	Dec. 31, 1920	17,122.18	20,596.00	37,718.18
Thatcher .....	.....	2,241.28	325.00*	2,566.28
Tombstone .....	.....	4,959.40	1,525.00	6,484.40
Tucson .....	.....	257,998.00	160,253.89	418,251.89
Wickenburg	June 30, 1921	2,742.24	9,040.00	11,782.24
Winkelman	June 30, 1921	3,131.47	1,500.00	4,631.47
Willcox .....	.....	5,213.31	500.00*	5,713.31
Williams	June 30, 1921	10,732.03	2,898.24	13,630.27
Winslow .....	.....	22,782.50	2,500.00	25,282.50
Yuma .....	.....	59,807.48	16,525.00	76,332.48
TOTALS .....	.....	\$1,883,847.06	\$1,427,910.08	\$3,311,757.14

*Estimated.

Practical Results Show Errors of Policy As Construed

As a matter of practical effect under

present ideas, when it is considered that the taxable value of all the automobiles in the state was approximately \$14,000,000.00 in the 1920 rolls, out of a total assessed valuation of \$884,000,000.00. And when it is considered that many of the 35,000 au-

tomobiles did double duty when it came to qualify electors for voting upon road bond issues. And when it is considered that automobiles may come and go, but taxes will remain to be paid to meet bond issues when voted. With these things considered,

the policy of permitting "fleeing" property to vote permanent debts, is a policy which if in fact permitted to under present laws, may need revision as a means of ultimate protection to property of a more fixed, permanent, and stable nature than automobiles.

No License Tax on Non-Resident Herds Grazing in Arizona

For two years past the stockmen of states bordering upon Arizona have been subject to arrest, and many have been arrested for reason of failure and refusal to pay a license tax per head on animals driven across the state line for the purpose of grazing in Arizona ranges. Many have paid the license fees, and many have been arrested and convicted and fined. The whole matter of the legality of the act under which the controversy arose, has been settled by a recent decision of the Supreme Court of this state, in the case of *Smith versus the Sheriff of Mohave County*. An extract from that decision shows the law in question, and the main reasons of the court for holding that law unconstitutional, as follows:

"Smith was convicted of crime of driving a band of sheep from Utah into Kingman precinct, Mohave County, without first having procured a license as required by Chapter 115, S. L. 1919.

"Section 1. Every non-resident person, firm, partnership, association or corporation who may graze, herd or pasture sheep, goats, cattle or horses within the State of Arizona, as either owner, lessee or manager of said sheep, goats, cattle or horses, must annually procure a license therefor from the sheriff, as collector of transient grazing licenses, of each county within which said sheep, goats, cattle or horses are grazed, herded or pastured, and shall pay therefor the amount of twenty-five cents per head for each and every sheep or goats and fifty cents per head for each and every head of cattle or horses grazed, herded or pastured within the State of Arizona.

"Section 2. Every non-resident person, firm, partnership, association or corporation who shall engage in the business of grazing, herding or pasturing of any sheep, goats, cattle or horses, as either owner, lessee or manager thereof, within any county of the State of Arizona, or who shall graze, herd or pasture sheep, goats, cattle or horses, within any county of said State, without first having procured a license therefor, as prescribed by the preceding section, shall be guilty of a misdemeanor.

"Section 3. For the purpose of this

act, the sheriffs of the various counties shall be the collectors of licenses.

"Section 4. All moneys collected for sheep, goat, cattle or horse grazing licenses during each month, shall, on or before the tenth day of the following month, be paid by the sheriff, as license collector, to the County Treasurer of the county wherein said licenses are collected, and shall be by him placed to the credit of the general fund of said county."

Defendant claims that the law violates the provisions of Section 1, Article IX of constitution, which provides:

"All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax, and collected for public purposes only."

"So then the question here is this: What is the purpose of this enactment? What is the natural effect of putting it into operation? The fundamentals tell us that the purpose must be gleaned from the natural and legal effect of the language employed in the act. But the court will look beyond the mere title or the bare legislative assertion that the provision is for a license to see and determine the real object. The nomenclature is not so essential. * * * It is apparent at first blush that the license provided for in this extraordinary act is imposed for the purpose of revenue and consequently does not fall within the protection of the police power of the state. It cannot be said, with any degree of confidence, that the primary object of the act is the prevention of some offense or manifest evil; or that it has for its primary aim the preservation of the public health, morals, safety or welfare. It shows upon its face that regulation is not its purpose, but that revenue or undue restriction in the interest of others not embraced in the class designated is the aim in view. We say this cautiously and without any intent to reflect upon the motives of the legislature in adopting the law. We are bound to know that the license of 25 cents per head for each and every sheep or goats and 50 cents per head for each and every head of cattle or horses grazed or pastured within the State of Arizona, exacted of every non-resident person, firm or part-

nership, association or corporation, is far in excess of the reasonable expenses of enforcement of any regulation. Certainly this is the case when such license must be paid to the sheriff of each and every county in the State where such animals may be grazed or pastured. A very usual method of exercising the police power in the regulation of business enterprises is "by the requiring of a license for engaging in certain lines of business. But we do not think the law under consideration is of that character. The license exacted is a burden laid upon the animals per capita. It is a property tax. The burden so imposed does not "differ" in principle from a fixed sum levied upon all the farmers of the State for each acre of land of which they may be seized or of each head of horses or other live stock they may own. In both instances the tax is levied upon property and not upon business. * * * There is not even a hint or suggestion throughout the entire body of the act that the intention was to control or regulate the grazing or pasturing of animals in the State. It does not purport to be an inspection law. The only requirement is the payment of the license fee. (Quoting cases). This is the exact situation here. Any non-resident 'without qualification or hindrance' may come, and on payment of the stipulated sum per head a license will be issued to him, and he may graze his animals 'subject to no prescribed rule of conduct and under no guardian eye, but according to his unrestrained judgment or fancy.'

"That the tax provided for by the act is wanting in uniformity as applied to the same class of property is plainly discernible. A resident stock grower or sheep owner grazes or pastures his animals within the State without being required to pay the tax which the act imposes, only the non-resident stock grower or sheep owner is required to pay the tax. This palpable discrimination robs the law of the indispensable requisite that taxes shall be uniform upon the same class of property within the jurisdiction of the body imposing them. There can be no possible advantage in elaborating this self-evident truth. It is sufficient of itself to show

the vice of the law. But if there needs further evidence of the inequality of the tax imposed we have it in the fact that the law if enforced would result in double taxation. Under our general revenue law the animals of the non-resident would be assessed and he would be required to pay taxes thereon according to their value, and yet in addition to the taxation he would be compelled, as a condition precedent, to

grazing this stock within the State, to pay the tax required by the act. What fairness or equality can there be in a system of taxation which produces such a result?

"We are forced to the conclusion that in the particulars hereinbefore pointed out the statute is unconstitutional in that it denies uniformity and equality of taxation. * * *

"The State in the exercise of the police

power may prohibit the taking of these things by a non-resident altogether, or may impose terms favorable to its own citizens as against such non-residents for the privilege of participating in the enjoyment of these natural resources of the State. But it does not follow from these decisions that the State may levy an unequal and discriminatory tax on property owned by a non-resident.

"Law held unconstitutional and void."

The Financial Situation of the State as Connected with the Anticipatory Loan

(Senate Bill No. 126.)

As pointed out in previous issues of this Magazine, it is an absolute impossibility for the state of Arizona to have funds ready in its treasury to pay warrants which are issued on account of funds appropriated and made available as of July 1st, of each year, when the taxes to meet those appropriations cannot possibly be collected prior to September of that year and with provisions in the present tax law which require a payment of only one-half of the taxes in the first installment thereof and permitting up to the second Monday in May as the limit within which the second installment of taxes may be paid without delinquency as to that installment.

Financial Stringency Brought to Light Situation Which Recurs Annually

The situation as to unpaid warrants, which has been brought to public attention during the past two months, is not a new situation. The same state of facts has existed for several years last past. While it may be true that, owing to the disappointments in many quarters tax payers whose private enterprises included the growing of cotton and other activities which have resulted in failure of returns to them therefrom has been a situation which has increased the amount of delinquencies as connected with the first half installment of taxes due in September, October and November twenty percent, the situation in general respecting a floating indebtedness of the State in the way of unpaid warrants has not been changed except that due to the increased delinquencies the amount of such floating indebtedness may have been somewhat increased during the period since last September.

Due to the fact, however, that the banks of the State have been called upon to extend the utmost credit to borrowers and have been called upon for funds on account of demands which have exceeded the demands of prior

years, it became impossible for those banks to handle State warrants in the same silent manner as in previous years, and hence a situation which has always prevailed has been forcibly brought home to the knowledge of the entire public of the State.

Legislature Authorized a Bond Issue to Anticipate Tax Revenues

To meet this situation Senate Bill 126 was enacted. The title of that Act expresses its main purpose in the words, "An Act authorizing the loan commissioners of the State of Arizona to anticipate the collection of taxes levied for State purposes by issuing bonds payable solely from the proceeds of such taxes, providing for the sale of such bonds and other details in respect thereof, and declaring an emergency." Pursuant to the provisions thereof a bond issue of \$1,500,000.00 has been authorized by the State Loan Commission and arrangements have been made to sell the same. This loan, with expenses, taxes and other expenses incident thereto, will cost the State at the rate of eight per cent per annum as interest thereon. The provisions of the Act under which the loan is made are to the effect that the bonds issued shall not exceed ninety percent of the amount of State taxes for the fiscal year which are uncollected therein in the State Treasury at the time such bonds are issued. Assuming, then, that \$1,500,000.00 represents ninety percent of the amount of the State taxes uncollected for the fiscal year ending June 30, 1921. Then, under other provisions of the Act the entire amount of such uncollected taxes are pledged to be held when collected and used for no other purposes than to pay the bonds issued, its principal and interest, and which provision has an immediate effect towards a deficit as between the total of appropriations for the fiscal year

ending June 30, 1921 and the amount which will ultimately be available to pay expenditures from such appropriations to the extent at least of the eight percent interest accrued upon the \$1,500,000.00 loan, to which must be added such deficit as will continue on account of delinquencies in the collection of taxes levied for that same year. The query then presents itself as to how this deficit is to be taken care of, for deficit there surely will be if the administrative officers within whose powers it is to expend the appropriations made for purposes covered by the official activities of the officers "go the limit" and expend the entire appropriations made.

Hold up Improvement Expenditures Until Revenues are Collected

Another query in connection with the matter is as to where administrative officers may so act as to avert the existence of a deficit for reasons above mentioned. If that query can be answered in the affirmative, then, if this Magazine is in touch with public opinion and sentiment upon that subject, it believes that sentiment is to the effect that it is **the duty of every officer in charge of the expenditure of any fund whatsoever to minimize the amount expended therefrom to the fullest extent possible, and, if in so doing that officer can efficiently perform the functions of his office and do so to the end of leaving an unexpended balance in each fund as a means of meeting an otherwise unavoidable deficit to become a burden upon the public and to be made only by appropriations of our next legislature, the public will be pleased with that result.**

If, on the other hand, the full amount of each and every appropriation is expended, the end of the present fiscal year will find the State with a floating registered warrant indebtedness over and above the \$1,500,000.00 bond issue,

and which floating indebtedness will undoubtedly reach an aggregate of from eight to twenty percent of the appropriations made for that year. And, if in the course of the next year, the same situation, as to shortage of funds, is handled in the same manner, the end of that year will present an additional deficit in the way of floating warrants approximating the same percentage amount computed upon the entire appropriations for the next fiscal year. The situation as above outlined is not exaggerated, it is a matter of facts and figures. The only uncertainty in the matter is that uncertainty connected with the actual aggregate amount of each year's deficits, with no uncertainty as to the fact that such deficits must surely arise to some amount if every dollar of every appropriation for the next bi-ennial period is spent and takes the shape of warrants drawn upon the Treasury of the State.

Administrative Officers May Relieve Future Shortages of Cash by Delaying Action Involving Expenditures for New Projects

It behooves the administrative officers to more closely than ever before scrutinize the purposes of each and every proposed expenditures from the appropriations allotted to their offices, institutions, and departments. They should do this promptly, not alone from motives of emergency so far as consistent with efficient operations, but to preserve and protect the future credit of the

State of Arizona and relieve the taxpayers who must pay the taxes for current state purposes as well as for deficits from a heritage of interest of a heavy principal of indebtedness carrying eight percent interest burdens in addition to that principal, and which is a burden that must be met in the future in addition to the current burdens connected with the immediate necessities of each of the years of that future. Many appropriations connected with the budget to be raised by taxes of the next bi-ennial period are for new construction, buildings, roads, high-ways and bridges. The administrative officers have it within their power to delay the expenditure of funds devoted to such new construction until such time as in the usual and ordinary course of events the tax money provided for such appropriations is actually collected and is actually in the Treasury as a means of paying warrants when same are drawn by the Auditor upon actual expenditures made connected with such construction purposes. In plain English, it lies within the power of the administrative officers to permit their bank account to catch up by deposits actually made therein to such an amount that state warrants, which are no more than checks will not be drawn thereon until such deposits have been made. The legislature has made the appropriations, the administrative officers can delay the use of those appropriations if they so desire, and continue that delay until the time when the possibility that warrants in excess

of funds available in the treasury is passed, by continuing such delay in fact until as suggested in this article, the Tax-payers who must ultimately pay that cash into the public treasury have had an opportunity to adjust their private affairs in such a manner that they may be able to pay their taxes. The exigencies of and for new state construction should be considered in connection with the present ability of taxpayers to pay taxes, with actual use of funds for such construction suspended until financial conditions are such that willing taxpayers can pay.

Abnormal conditions must be met by action which will relieve those conditions. The delinquencies in tax collections which continued through normal times have heretofore been and totals hereafter will be anticipated in connection with any possible floating warrant indebtedness. In normal times the tax delinquencies of one year are taken care of in general results through collections of delinquent taxes from the preceeding year and years. But at present in Arizona the situation is that a large number of our citizens, who are not only willing but anxious to meet every public requirement in the shape of payment of taxes, are actually unable to do so. And it is for the benefit of those tax-payers that this article is written and the suggestions made advanced to the end that those who are already burdened with more than they can bear, shall not have burdens increased beyond the actual imperative necessities for public expenditures.

The Importance of the Amendment to the "Ten Per Cent Limit Law" As Applied to County Revenues

The matter of application of the old law above referred to has been frequently discussed in previous articles in The Magazine, and is a particularly important matter at the time in the year when the various county officers are preparing figures upon which to base requests to the County Board of Supervisors for appropriations to meet the expenditures required by each office of the county and for the support of the county institutions including schools, appropriations which must be met by county tax levies.

A full copy of this law was published in the January Magazine.

Supervisors Should Study and Closely Follow the Amended Law

The importance of a close reading of the entire language of the new amend-

ment cannot be too strongly urged upon all county officials who will be called upon to apply it to county finances. That close reading will disclose the fact that the legislature has firmly stated its intent to have county expenditures controlled by carefully worked out and pre-considered estimates as to what those expenditures shall be. The law will not be followed and applied according to the plain intent of the legislature unless every proposed item of proposed expenditure for general county purposes, becomes an item directly connected with a distinct purpose or object to be accomplished in county affairs. In short, the legislature has expressed itself against any further practices of raising money by county tax levy under the guise of one county purpose and then finally using the funds so raised for some other new purpose. While the new law does

provide for relief for actual unforeseen emergencies, and does permit the incurring of county indebtedness to meet those emergencies, it prohibits county officers from assuming an emergency exists which warrants the use of county funds, and also prohibits those officers from using any uncontrolled discretion as to the purposes for which county funds may finally be expended. Their rule of action as connected with the actual use of funds, is to use those funds for the purposes stated in the estimates which are finally adopted. If a reason for expenditure appears in the course of a year's business of the county, and the estimate is silent upon the subject, the expenditure cannot be made.

The new law is a good one. It should be carefully studied and just as carefully applied, that its full effect be given to the ultimate benefit of the taxpayers.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

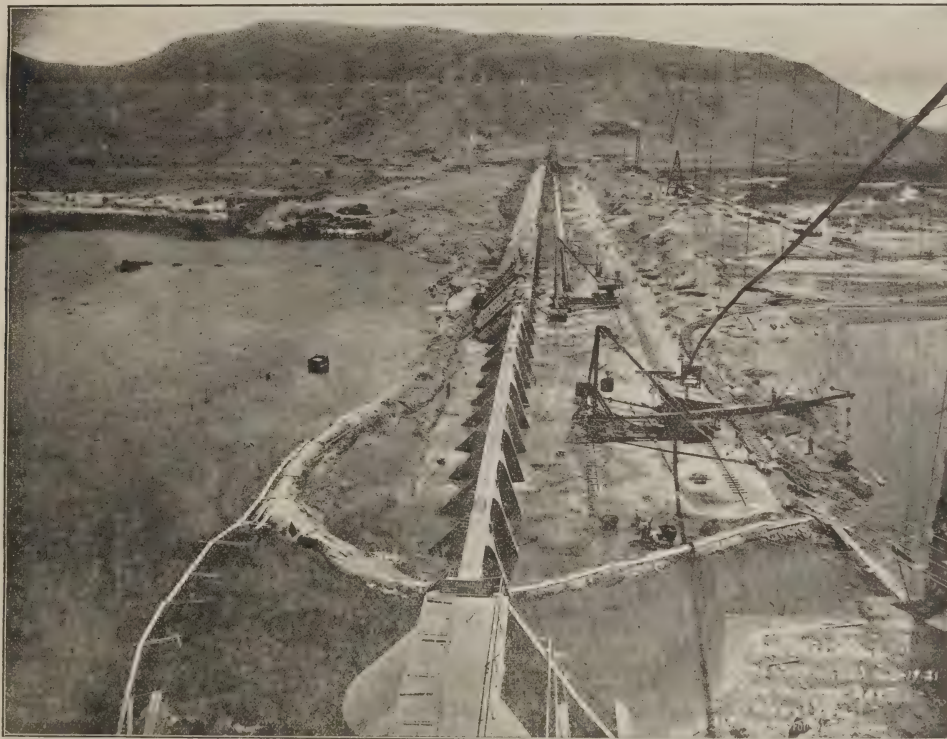
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THE GILLESPIE DIVERSION DAM



The above is a photographic reproduction of the Gillespie Dam, constructed entirely with private funds to an amount of cost of over \$2,225,000.00, for the purpose of reclaiming by irrigation, 100,000 acres of Desert lands in Maricopa County. An example of the courage, enterprise and energy of a practical business man convinced of the possibilities in the natural resources of Arizona.

EDITORIAL COMMENT

ANENT PROPOSED AMENDMENT AS TO STATE BOND ISSUES

Queries have been received regarding the attitude of this Magazine in connection with its position upon certain proposed legislation affecting the future finances of the state of Arizona. This Magazine in good faith refuses to be stampeded into line with every proposition which has for its purpose the raising of public funds by bond issues. However, it has a deep interest in the future progress and the future prosperity of Arizona, and it challenges the attention of its readers to both sides of every proposition which has for its purpose the creating of public indebtedness for future payment by future property owners of the state.

This Magazine Must Fully Discuss All Matters Pertaining to Public Finances

This Magazine, to be successful in its purpose of fairly presenting every public question which has to do with public finances, public taxation, and all questions of a public nature connected with and incident to those two main subjects, must refuse to be rushed off its feet, stampeded, or driven. It cannot be coerced. It cannot be true to the public which it seeks to serve, unless it stands aloof from the persuasions of promoters, from private schemers, from covert influences of speculators, and from every other influence which would tend to deprive it of freedom in the calm discussion of every proposition dealing with public credit, public money, and the incident burden of taxation involved therein.

The Public Wants the Truth and are not Concerned With Any Question of Antecedents of Persons Speaking That Truth

The common method of attack, when arguments of principles, and statements of fact can neither be met by counter-argument, nor by successful denial, is to impugn the motives of the speaker

or writer of the facts and arguments. There is no way of meeting that kind of an attack. The issue therein is simply one of assertion on the one side and denial upon the other. Such a mode of attack is resorted to for no other purpose than to draw the minds of persons, who may be interested in the main question under discussion, from the real merits of that discussion into side issues having no bearing upon the real points of public interest. Such an attack is an attempt to **throw dust** into the eyes of the public and blind that public with a temporary blindness, until such time as false arguments may be successful, and until such time as it is too late for public defense by action of a public, which too late has come to see the truth.

This Magazine will not do its duty to its readers if it permits them to go blindly into any proposition without at least attempting to remove the "dust" of such tactics as include any covering up of the real interests involved in so-called "public benefit" bond issues, when it is fairly evident that those issues involve no more and no less than "private benefit" designs of speculators, promoters, and schemers, who under the banner of "good of the public," seek to immediately enrich themselves, with no concern whatever as to the result of that enrichment upon the future of the taxpayers of the state of Arizona, or any of its political sub-divisions, its cities, towns, or counties.

Direct Personal Interest of Promoters of Any Proposition is a Cause For Caution

The foregoing is a plain, full, and candid statement of the position which this Magazine expects to assume in connection with every present and every future proposition which leads to taxation of the property owners of this state. Because that statement does refer in plain English to persons of a class, with personal interests to serve under a false assumption of being benefactors of the public, must not be construed into language to include any person whomsoever, who may at any time be temporarily deceived by false promises, by glowing painted visions of future prosperity

of the public at large, and being so deceived may be temporarily within the toils of the real schemer for personal gains. The statement of this article is pointed and plain. Made so for a purpose. Included in that purpose is the thought that clear thinkers among our readers may read these words, and with that reading look critically at their individual attitude in connection with questions of public bonding which are now before the public, and looking critically at themselves, ascertain whether or not they are being stampeded into following a leadership of persons whose latent motives and objects in promoting bond issues are private gains rather than real prosperity for a future and greater Arizona.

If "Paternalism" is Proper at all, it is Only for Real Public Purposes Not for Direct Private Promoters

The trend of the present age in American government is towards what is called "paternalism." Let the government do it. The people constitute the government. In matters of bond issues each property tax-payer is a unit in the control of the subject of issuing bonds for public purposes. The tendency of the times is to pass over to the governmental agencies every proposition to which may be attached the word: "public." That word is too easily attached to projects which are really nothing more than "private" in immediate purposes and immediate results, with the public benefit fitted, in the remoteness of the future if at all. That word is often attached to purposes, which every private interest has refused to foster, basing that refusal upon the infeasibility of the proposition, its impracticability, its impossibility, and other really sound reasons for refusal. Not to be denied, the persistent schemers behind many propositions turned down by private financial agencies—so turned down for reasons that make them unsound as private enterprises—urge the "PUBLIC" to foster those enterprises for reason of public interest benefit seemingly connected therewith.

The Full Text of "House Bill 83" Proposing An Amendment to the Constitution Permitting Bond Issues

Whether a referendum against the special election provided for in House Bill 83, operates to postpone the date when that measure is submitted to vote of the people, or whether it does not, is a matter of no real importance. At least the date of the election is of such minor importance, that it becomes insignificant when spoken of in connection with the proposition to be acted upon in such an election.

The proposed law should be carefully studied, and fully understood by every voter before that voter casts a ballot for or against it at any election. Many comments upon the law are being passed around and published. Some of those comments are no more than the construction which the person making or writing them, puts upon the law. That individual may be wrong. That none of our readers may be misled as to what the proposition is, the full text of the measure is printed. It reads as follows:

AN ACT Proposing to amend the constitution of the State of Arizona by amending Section 5 of Article 9, thereof so as to provide for the issuance of State Bonds to promote and assist in the reclamation and irrigation of arable and irrigable lands within the State of Arizona and providing for the submission of said proposed amendment to the electors of the state for their approval or rejection at an election to be called for such purpose.

Be it enacted by the Legislature of the State of Arizona:

Section 1. That it is proposed to amend Section 5 of Article 9 of the Constitution of the State of Arizona to read as follows:

Present provisions of Section 5 Article 9

Section 5. The State may contract debts to supply the casual deficits or failures in revenues, or to meet expenses not otherwise provided for; but the aggregate amount of such debts, direct and contingent, whether contracted by virtue of one or more laws, or at different periods of time, shall never exceed the sum of Three Hundred and Fifty Thousand (\$350,000.00) Dollars, except as hereinafter provided; and the money arising from the creation of such debts shall be applied to the purpose for which it was obtained or to repay the debts contracted, and to no other purpose.

In addition to the above limited power to contract debts, the State may borrow money to repel invasion, suppress insurrection, or defend the State in time of war; but the money thus raised shall be applied exclusively to the object for which the loan shall have been authorized or to the payment of the debt thereby created. No money shall be paid out of the State Treasury, except in the manner provided by law.

The Amending Language

"In addition to the above limited power to contract debts, the State may loan its credit to promote and assist in the reclamation of arable and irrigable lands within the State lying within the confines of irrigation districts regularly organized and existing under the laws of the State of Arizona and for such purpose may create bonded indebtedness and issue its bonds as may be provided by law whenever the lands in any such irrigation district and the water supply therefor and the proposed irri-

gation works and system thereof have been thoroughly investigated and found to be adequate and sufficient and the cost thereof per acre reasonable, and the building of the whole project feasible and advantageous to the State, and when adequate provision has been made by such irrigation district for the payment of such State bonds, interest and principal, as and when the installments of interest and principal thereof shall and may become due and payable.

Section 2. It is hereby further provided that the State shall not be responsible or liable for more than five per cent (5%) of the State's total taxable valuation; and it is hereby further provided that the State shall not be responsible or liable for more than one and one-half per cent (1½%) of the State's total taxable valuation for any one project.

Section 3. The validity of this amendment shall not be affected by the adoption of any other amendment to the said Section 5 of Article IX of the Constitution of Arizona proposed or submitted by the Regular Session of the Fifth Legislature of the State of Arizona, and the adoption of this amendment shall not invalidate any other amendment to the said Section 5 of Article IX of the Constitution of the State of Arizona proposed or submitted by the Regular Session of the Fifth Legislature of the State of Arizona.

Section 4. That said proposed amendment shall be submitted to the electors of the State of Arizona for their approval or rejection at a special election which is hereby called for such purpose to be held in manner provided by law for general elections, on the 8th day of November 1921."

Suggestions as to Structure of County Budgets for Publication

In the matter of form of proposed estimates for use in counties, it is absolutely necessary that "New Section 4840", which is now in effect, be critically studied, its new features ascertained, and those new features become units in the form of budgets which are to be proposed and published as a basis of annual taxation in counties, cities and towns. New features and special

features in that law require such estimates to show:

(1.) The items and details of purposes of expenditures for the past year and as included in the adopted estimates for the expenditures of that year.

(2.) A statement which will show contingent claims, encumbrances upon funds, if any, as balances of funds.

(3.) To be a full and complete state-

ment of the financial affairs of the previous year.

Carrying each of the above into a form for such an estimate, at least one column will be required to cover each feature. That is; a column in which is listed the various items of expenditure made according to the items of the "last year budget;" with that column lengthened so as to make room for any other

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items of actual expenditures made in the previous—last year. All to the end that a full total of actual expenditures may appear at the foot.

As pertaining to "(2)" above, there may be county matters, such as building contracts, improvements on buildings, etc., part of which has been paid for, a balance to be paid, leaving a balance in the fund set aside for each such purpose, "encumbered" with the cost of completion. Such matters are required to be shown in the estimates. The idea being that the published estimates, not only show what has been actually disbursed, but show what liabilities of the county actually exist to be paid, with a showing of actual cash balances as connected with each "previous year estimate purpose," that from it all, the real financial situation of the county be made to appear. The items to be included in above, will undoubtedly require a column for "balances" to show actual balances, unexpended and unencumbered; another column to show "encumbrances" upon those balances. The items, opposite which figures are extended in these columns, will be the same items first inserted in the column made up to show "(1)" above.

Attention is also called to the fact that the new law contains two limits. One being: "the total amounts in such estimates proposed for expenditures shall not exceed by ten per centum the aggregate of actual expenditures the previous year." The other being: "that no budget estimate shall be finally adopted, the aggregate amount of which will propose or include amounts to be raised by taxation . . . which shall be an amount which will require a tax levy to be made . . . for an amount which will exceed by more than ten per centum the amount levied . . . upon the tax

rolls of the preceding year." The word of the statute as to the bond funds school funds, special emergency levies which run through the provision from which above is quoted will be understood that this **ten per cent limit** refers to "general fund" and "road fund" levies and taxes, without repeating the exceptions in each instance that those exceptions appear in the law itself.

Without quoting the exact language of the law, a reading of its entire provisions will disclose the facts to be, as connected with the two "limits" above referred to, that the boards may propose a county estimate this year which will require **not to exceed ten per cent more money to pay that estimate out** from all receipts—taxes and other sources of revenue—during the year. But the board is not permitted to **anticipate** by making expenditures and drawing warrants, more than the amount of the tax-levy permitted under the "second limit" above. The difference between the budget estimate as proposed and finally adopted, so far as the aggregate amount thereof exceeds the amount which may be levied in taxes, can be used as "other sources of revenue" actually come into the county treasury.

It will be seen that in finally footing up the proposed budgets, two footings of recapitulation are necessary, one to show each of the two limits. One the limit not to be exceeded in what expenditures are proposed; the other to show the amount of taxes permitted to be levied, as an amount not exceeding by ten per centum the tax levy of last year.

"Public Interest" Discussed in Connection with "Public Credit" for Home Building

The public is interested in every new home that is built in any community. It is interested in every successful store business, whether that store is a "four-corner" country store, or a metropolitan success. Every factory which rears its smoke-stack, and blows its work day whistle in any city, is a matter of public interest. The developing of new mining properties is not without public interest. Not the least of matters which do concern the whole public, is the matter of increase in actively farmed and cultivated lands adjacent to our cities and towns. Each successful private citizen becomes in turn a tax-payer. The growth of our towns, our cities, our counties, and finally the future progress and prosperity of our great state, depends upon the

substantial increase in the number of successful private citizens. Those successful private citizens in turn constitute the public. Public backing of industrial farming, or other business, called "paternalism," is no more, and no less, than a backing of unit successes as individuals in a common backing for general benefit of all. Whether that backing be extended in its collective form and force, depends not upon what is claimed for any project, but depends upon the question of, is that project one upon which future public progress may be made to depend, as a direct and independent result, at all differing from a similar result in progress brought about by individual successes of the individuals who comprise that public. Or the question,

is the proposed project one which will directly contribute to the progress of the whole community, as the direct recipient of the entire benefit therefrom.

"Mortgage Your Land to Assist Your Neighbor to Speculate, Yes or No?"

To illustrate. Take a farming community where at present there are fifteen farmers, each owning their own forty acres out of a section. The remaining forty acres has been passed up by each and every one of those fifteen for reasons of something connected with that particular forty. The private verdict of fifteen practical farmers has

been that the particular forty acres is not desirable for a farm. Along comes the sixteenth man. He acquires the undesirable forty acres at a bargain price. He knows it cannot be farmed. It needs water. He tries out his banker, he tries out other private money loaning sources. He cannot loan money for purpose of putting water upon the land. He may have private funds, but will not risk them. The idea comes to him. That idea is, increase that section of land by one more going farm, and the **public is benefited**. Ergo, one step more. Get the fifteen farmers to mortgage their farms, by convincing them of the "public benefit" to all with one more farm, use the money raised to try for water. Arrange to pay interest at six per cent on the loan, arrange to pay the principal in twenty-five years, and with that done, the undesirable forty will assume a commercial value. He can then unload at a profit, to some unwary purchaser, to whom prospects may be alluring. The final success of the whole scheme does not concern the promoter. The dear "public" takes the entire risk, the promoter takes a sure profit. The "public benefit" may take the form of paying taxes for twenty-five years to pay for a failing venture in the name of "the public." All is not gold that glitters. Nor is every proposition which is put up to the public one of public benefit.

**If the Public Must Furnish the Money
and Credit for Reclamation Let
It Deal From the "Ground
UP" to the Actual
Home Builders**

Any proposition which would surely increase the number of acres of public state lands, by changing the character of those lands from desert lands to irrigated lands, might be a proposition for consideration by the whole public. The state owns millions of acres of lands, which if reclaimed at public cost would enrich the state as a public body. The question of bonding the state to raise

money to put in feasible irrigation projects connected with its public lands, including a plan to reclaim those lands at public expense for the benefit of settlers who, after the reclamation project was an accomplished fact, might thereafter deal direct with the state, purchase those lands, pay for them under terms which would make payment a possibility connected with products from the lands, might be a proposition for the exercise by the state of the idea of "paternalism" for public good. **On the other hand, with a large body of lands, already acquired and held as desert lands by speculators in such lands, with enhanced values due to so-called "public interest" bond issues, made for those lands by attempted reclamation thereof at public risk and public expense; the line of passage from the present owners to the actual settler and actual farmer, is one of continual speculation and uncertainty. The public, as a public, will never receive its final benefits in the way of home-builders, until such home-builders become the actual owners of the lands. The actual results may be, with the final results no more, than the public lending its credit to the promotion of private speculating schemes, if the public does in fact issue its bonds to reclaim, or attempt to reclaim, lands now in private ownership or now under private control.**

History has demonstrated the fact that the real settler upon reclaimed lands has usually been the one who acquired those lands, after the line of speculation has exhausted itself. The state of Arizona is interested in home-building and not in "millionaire building" through profits in desert entry reclaimed lands. Arizona should confine its paternalism in reclaiming lands, to such lands as when reclaimed, it can offer those lands at first cost to home-builders.

If Arizona pledges its credit to reclamation projects, it should control those projects from the lands itself, through the reclamation period to the actual settler thereon. This Magazine cannot see any "public purpose" in connection with

bond issues of the state, except with such control by the state at all times present. This Magazine can do no less than to suggest the different phases of the matter, as it has done in this article. Its readers will be prompt to see whether or not a **public purpose** to the end of future development and progress with permanent prosperity of the people of this state, is present in connection with any proposed proposition to bond the state, in event the Magazine may fail to discuss the presence of that public purpose.

The Magazine is doing its duty to its readers, when it presents the whole matter from various angles for a calm consideration by its readers. With that duty performed, it has been true to its principles. It has bowed its head not at all to any faction, class, or interest in the public at large. It serves the whole public now and at all times. It can do no less, and more cannot be done. The public can view those services and act upon them, with the feeling that the motives of the Magazine are sincere.

The development of every resource in Arizona along stable lines for established permanency of its progress as a state in this great nation of states, is a matter near to the purpose of any person who may differ with the Magazine as to the manner in which such development may be accomplished. If a heritage of debt without a sure advancement to final prosperity, may follow from inadvertent or ill-advised action in the present, the aims of every true public spirited citizen will be defeated. Every side of every important issue should be presented to the public. If with the presentation fairly and fully made, the public finally err in its collective action upon those issues, the result is inevitable. The public is finally right in its final judgment. The question of amending the constitution so as to permit bond issues, is a question where the public should be right in its first action. It shall be fully awakened to the importance of the issue.

State Credit Back of Actual Home Building Considered in Connection With House Bill 83

There should be no personal feeling injected into a proper consideration of the proposed constitutional amendment, which if adopted, would permit the state to become responsible for bonds to an amount of forty millions of dollars, even though the state does receive in

return, the bonds of particular irrigation districts organized in the state. Every citizen should be permitted to use his or her own judgment, uninfluenced by fear of invective from any other person who may disagree with that judgment. The matter of authorizing such a bond

issue, or not authorizing it, is a public matter. One of those matters upon which the whole voting public is in duty bound to act. In duty bound to act, for no other reason than the fact that the result of an election determines the future policy of this state, and does so

irrevocably. If the election results in favor of the bonds, the machinery for the use of those bonds has already been provided. In fact, the projects to be benefited by the use of the bond money, are already in existence. If the bond issue is authorized by the coming election, the bonds will be issued, and there will be no opportunity for the voting public to reconsider the matter. The bonds will become burdens upon the future public of Arizona, regardless of any actual benefit which that future public may enjoy on account of the expenditure of the money raised and secured by bond issue.

The People Vote Only Once. Administrative Officers thereafter determine Amounts of Bonds To Be Issued

The time to fully consider. The time to go thoroughly into all matters connected with the granting of power to issue bonds. The time to act, and act, decidedly, is now. Hence it is the province of this Magazine to fairly and fully discuss the proposition of bond issue, or no bond issue. Discuss that matter from all points of view as disclosed by present conditions known to exist, hoping that by so doing, it may anticipate the future in such a way, that whatever may be the result, that result will be to the ultimate end of future development of the whole people of the state of Arizona. It is to be hoped that such a solution of the matter may be made, that the whole state may be aided and better fitted to go to a future prosperity of all its people.

The State Must Pay all Interest on Bonds Whether Projects Pay or Not

Naturally, the first question to be considered is the question of how a bond issue of, for illustration, five millions, will surely effect the present public. It is certain that such an issue will call for the payment of five per cent interest upon every dollar thereof. It is equally certain, that no matter how much water may be provided for the lands of any irrigation district, through an expenditure of that amount, those lands require more than irrigation works and water available, to become income producing. Before an income sufficient to pay taxes can be assured as coming from the products of the lands, there must be an element of actual settlers with a home-building ambition connected with the problem. It may be truly stated, and so stated without fear of successful contradiction, that it takes a farmer who will "farm," to make lands productive. Without that farmer, every acre of land in every irrigation district will continue

to be a "speculative asset," when considered from the standpoint of an assurance that taxes levied upon that acre will be paid as a means of paying interest upon bonds. Until that actual farmer applies himself to the land, it will remain, as it is now, of speculative value, held by speculators in such values, held by them until such time as at their own price, it comes into the ownership of actual settlers, and actual home-builders.

Will the Bonds Promote Home Building or Encourage Speculators

Should the present titles of the lands lying within irrigation districts, each laying in wait to become benefitted through state bond issues, be looked into, that a correct solution of the problem—the public problem connected with authorizing such bond issues—be considered, before voting the bonds? If it were disclosed that the title to that land was in persons who had actually acquired it for a prospective rise in the sale value thereof, through the installation of irrigation works from bond money received out of a sale of state bonds, would that situation have any bearing upon the determination by the public as to whether it will ultimately be benefitted by furnishing the funds? If the fact as to an ownership by speculators was disclosed and the identity of those speculators found to be identical with the same persons who are most persistent in urging the adoption of the amendment, would that fact weigh at all upon the question of whether such promoters are in fact promoting the public good, or really promoting the good of their own individual pocket-books? If it were to be disclosed that irrigation districts now in existence, included lands which had been acquired at the nominal cost of twenty-five cents per acre as desert entry lands, and acquired with a pre-conceived idea of getting the state to put over a bond issue that such lands might—with that support by the state assured—immediately increase in value to an acreage sale value of fifty to one hundred dollars per acre, with still no assurance that the new purchaser would be more than a new speculator, is it not a fair question as to just where the state would benefit thereby? In that same situation, is it not pertinent to inquire, what assurance has the state, that any speculator would promptly pay taxes assessed to pay interest upon bonds?

Actual Settlers Cannot Pay Interest From Raw Lands

Still another question presents itself as directly connected with the public

side of situations which actually exist as to affirmative answers to the "ifs" of what is asked above. An actual intended homebuilder finally becomes the owner of land, after further speculation therein has reached its limit and run its course. That actual home-builder is confronted with "raw-land." Confronted with the cost, delay, privations, and possible disappointments in the course of making raw land into crop-producing self-supporting land. How long will it be, before that settler can look to the land itself for returns sufficient to pay interest and taxes.

Let the answer to the above question come from Salt River Valley. The Roosevelt Dam project is the most successful project from the standpoint of irrigation, in the whole country. Yet when it is the fact that two per cent per annum to apply on principal of the cost of that project, has become a burden too great to be met currently, what chance will there be, that ranchers who may become such in irrigation districts, can pay six per cent interest per annum upon irrigation bonds, as a means of providing funds to pay the interest upon state bonds issued for the actual money to put water upon the lands of such districts.

If State Aid to Settlers Will Encourage Home Building Let That Aid go Direct and Not Through a Line of Speculators' and Middlemen's Profit

The state should encourage settlement upon lands within the state. No doubt about the wisdom of that policy. The doubt exists in connection with the means now proposed to encourage that settlement upon lands. If irrigation districts were organized by, and required to be so organized, by actual settlers upon lands. If the state were lending its aid directly to bona fide intended settlers and ranchers, the voting of bonds to encourage such settlement would shoot straight to the proposed end. Shooting to that mark through several successions of speculative owners of lands, leaves uncertain the accomplishment of the very purpose, and in fact the only purpose of a public nature which might warrant the state in mortgaging every dollar of taxable property in the state in a pledge to pay irrigation bonds to be issued under the authority of proposed amendment embodied in House Bill 83.

Let the voting public clear away the rubbish, and get down to the real issue. If that public desire to vote its bonds for the benefit of land speculators, that is their matter. If that public votes to authorize bonds which in fact will be

to the sole and immediate benefit of those speculators, under guise of voting to aid settlers, that public is being deceived. Deceived to the extent, that it might vote to directly encourage settlement upon lands, but would not knowingly vote to benefit speculators in such lands. The voting public should not be deceived. It should look under the surface. It should ascertain who is behind that surface. If the voters find that the proposition to authorize state bonds was promoted by land grabbers and land speculators, and that such promoters are behind the plan to put the proposition past the polls on bond election day. If the voters find that speculation is to be encouraged and promoted, rather than honest home-building encouraged, by

authorizing the bonds, then public interest requires that the measure be defeated.

It is not the cost of the election which alone concerns an already overburdened taxpaying public. It is the cost of what the result of that election will be, which is the vital financial proposition before the people. It is the proposition that the people may unwittingly, through being deceived, or through inadvertence, vote authority to issue \$40,000,000.00 of state bonds, and leave it entirely to administrative officers to issue bonds by which the people will thereby assume an additional annual tax burden of \$2,000,000.00, which presents the figures of the possibilities of the taxpayers connection with the bond amendment proposition.

ly careful, and positively wary, from lending its funds and its credit to any irrigation project, or other projects whatever, in those cases where conservative financial business men, have rejected those projects as impractical, or as not feasible. Where business men, imbued with visions of success are ready to, and do invest their money in projects like the one above referred to, then by all the laws and principles of business, which are consistent with American ideas of personal rights, have in the past made possible the strides in advancement towards building up every successful venture, and brought about the aggregate result of business energies in the United States, and placed our country in the front rank of prosperity and success, then by those laws which are so firmly fixed and attached to American ideas of business success, the promoters and persons who risk their money are entitled to the fair profits which may be reaped from their foresight, and from the chances of success which they took in backing that foresight with their time and money. They take the risk, they are entitled to the profits of their venture.

THE GILLESPIE IRRIGATION DAM

As a frontispiece of this issue of the Magazine a picture of the Gillespie Dam is presented to our readers. It shows the actual results of private energies and private capital, and private enterprise, applied to what appears to be a practical and feasible irrigation project.

The information given to the Magazine is that this dam is eighteen hundred feet long, some twenty feet in height above base foundations. Without going into further specifications as to the engineering features of the dam, it is sufficient to say that its construction is in all respects along lines approved by the most modern engineering ideas to the end of substantial, permanent, and practical construction. In other words, it is a real dam for real irrigation purposes.

Over fifty thousand barrels of cement were used in its construction. The pay roll connected with that construction averaged \$65,000.00 per month for a period of over eighteen months, making a total payroll of over \$1,000,000.00 connected with its completion. The total cost of the completed project is over \$2,225,000.00.

The dam is erected at a point midway between Buckeye and Gila Bend Station, in Maricopa County, Arizona. It will divert waters of the Gila River sufficient to irrigate one hundred thousand acres of land. Instead of making "two blades of grass grow where one grew before," the dam, through the energies of coming settlers upon the lands of the project, will become the means of making "thousands of blades grow, where only desert sands blew before." It will reclaim from virgin desert this vast field of fertile soil.

The project includes, not alone the dam itself, but the construction of the main canal to feed laterals which in turn will ramify to all parts of the lands to be reclaimed.

From a taxpayers' standpoint, the dam with the lands of the project will ultimately add some fifteen millions of dollars to the assessed valuations of taxable property of Maricopa County and the state of Arizona. Divided into plots of forty acres each, the irrigated area will furnish homes for nearly three thousand families. It stands legitimately entitled to the prophesy that the Gillespie Dam project may become the means of increasing the population of the state of Arizona by some twenty-five to fifty thousand. A prophesy which takes into consideration not only those who will be directly engaged in farming the lands themselves, but the increased activities in all other commercial activities which will surely follow from a settlement and farming of those lands.

This Magazine is not boosting any irrigation scheme or any purpose of advertising it. But, the birth of this particular project at this particular time, speaks along lines which are present and before our public, and so speaks and exemplifies the truth. The tale it tells our people is manifold. It tells us that private capital stands ready to lend its aid to practical and meritorious projects which have the reclamation of lands of Arizona as the ultimate purpose of those projects. It tells us that practical men with money are not afraid to invest that money in feasible projects. It tells a tale, on the other side of the question, that the public should be cautious, keen-

If speculators risk their own money, no one will urge that the profits which result therefrom do not belong to those speculators. They stand to lose, they should not be prevented from reaping profits. The case is entirely different, when promoters and speculators urge public support in the way of credit and funds, to promote projects which private capital refuses to support. The entire risk of such ventures is saddled upon the public. The speculators stand in the sidelines ready to reap the entire profits if any. To make the point clear, if a project really warrants public support in the way of public finances through bond issues or otherwise, should not the public itself reap the profits of the venture?

It was not intended at the outset of this article to draw into it illustrations connected with that discussion of the merits of proposed amendments to the state constitution as to bond issues to aid reclamation projects. What is said above simply drifted into this article as illustrating what is the main purpose of the article. That main purpose is to show our readers that "public paternalism" is not essential to the development of the resources of this state. That private capital is available for every purpose which when carried out along lines of good business and business management, will show profit, that possibility of actual profit, is the surest way to permanent benefit to the public at large. That private success insures public

progress. That public progress will not follow from public backing of what is not practical viewed in the same light that private capital views similar projects, and grants or withholds that backing. The state of Arizona cannot afford to support any project which may be a fizzle from any standpoint except temporary speculative values.

The idea that large projects which are really practical, feasible, and with probabilities of permanency, cannot be put through except with public aid, public

money, and the pledging of public credit, and incidentally increasing public taxes, is an erroneous idea. Private capital is now, and always will be ready to finance such projects. The fact that so many reclamation projects have been promoted which lacked practicability, feasibility, and permanency, is a fact which has made private capital leary of all such projects. It has been so often burnt that it shuns the fire. Yet, in our very midst, we find an example of extreme confidence in an irrigation project,

shown by the construction of the Gillespie Dam. The object lesson is plain. Private capital is still ready to finance anything that is meritorious in possibilities of success. Public capital cannot afford to finance anything lacking those same possibilities. Public capital should be leary of lending its support to similar projects, which private capital has investigated and rejected as lacking in those possibilities. Public capital should not be available to back any speculative project whatever.

Two New Laws Respecting Expenditures and Claims of State Officers and Commissions

Among the numerous laws which come into effect on June 9 are Senate Bills Nos. 118 and 119. Reference has already been made in this Magazine to these Acts. Inasmuch, however, as the reason for enacting the laws was the existence of a feeling that the matter of expenses in the departments and offices of the State was too much uncontrolled by any authority outside of each particular office standing alone, and that prevailing thought extended to the public itself later may be interested in having before them the entire text of the laws referred to. Senate Bill 119 referred to above will appear in next issue.

Senate Bill No. 118 provides, as follows: "That the head of any State office, board, commission, or department, the activities of which require immediate cash outlays connected with postage, railroad, and other modes of travel, hotel and other necessary traveling expenses, or other immediate emergencies, which are proper as ultimate claims for payment from State funds, may apply to the State Auditor and have provided for such purposes an imprest fund for such purposes connected with such office, board, commission, or department so applying. Such application shall state the purposes for which an imprest fund is required; shall state the amount of such a fund as deemed necessary, but in no case to exceed the amount of One Thousand (\$1,000.00) Dollars, and shall state the particular officer or person who shall have custody of and be charged with the duty of handling and accounting for the desired imprest fund. The State Auditor shall allow such application and shall draw a warrant to the order of the applicant officer, and charge the amount thereof against the appropriation made to that office for the

class of expenses covered by the application. The State Treasurer shall pay such warrant out of any funds in the treasury which may be available for State expenses or General State purposes. There may be advanced from the proceeds of such warrant to any officer, employee, or person such amount as the heads of offices, boards, commissions, or departments may deem necessary to meet the requirements of expenditures for each occasion, trip, or other cash necessity, of the officer, employee, or person distinct from any other such necessity. Each amount so advanced shall be separately accounted for with proper receipts, vouchers, and evidences of expenditures, in properly itemized and verified statements, showing the specific use made of every portion thereof by persons receiving such advances. Except that expenditures for meals, other incidentals not exceeding items over One (\$1.00) Dollar each, may be specified without vouchers therefor where vouchers are not readily obtainable. Unexpended balances from any such advances shall be returned by persons receiving advances to officer in charge of such imprest fund at same time of rendering account for amounts expended from such advances. After an imprest fund has been created under foregoing provisions of this act, the verified accounts of expenditures, when audited and allowed in same manner as other claims are so credited and allowed, shall be paid by warrants drawn to the order of the officer, board, commission, or department in custody of the imprest fund from which the original advance was made as in this act specified. Such warrants shall be marked "Imprest Fund Repletion," or similar words indicating that the amount thereof, when drawn from the treasury, shall become and be

a part of the Imprest Fund from which an advance for original purposes of such warrant is first made. All such warrants and proceeds thereof shall be used to keep imprest fund to original amount as near as may be, and shall not be used for any other purpose or purposes. Every advance from any imprest fund shall be evidenced by proper receipt therefor given by person receiving each advance to the officer making such advance. Such receipts shall show amounts, accurate dates, and as specifically as may be practicable the purpose for which advance is required. The auditor shall prepare forms of receipts for advances made from each imprest fund, which receipts shall be bound in book form with receipts therein numbered serially and consecutively, and which receipts shall be used by and kept in such receipt books without mutilation, removal, or defacement by each officer having charge of each imprest fund. All kept and preserved in same manner as other books are kept as records of that office and officer and subject to the same rights of public inspection as are other public records. No warrant shall be drawn upon the State Treasury for any purchase of railroad tickets, script, or mileage books, or for supplies which require cash payments at time of receiving same, nor for other purposes as to which an imprest fund is available or can be made available by compliance with the provisions of this act. The official bonds of every public officer and public employee shall cover and include protection to the State for acts of each such officer and employee, connected with each imprest fund, advances therefrom and accounting therefor against any default, embezzlement, or other misappropriation thereof by any such officer or employee."

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, JUNE, 1921.

NUMBER SIX

ECONOMY

Elsewhere in this Magazine an article appears upon various definitions of the word "ECONOMY". There is but one definition of the word for use at the present time. With herds of sheep and cattle famishing upon the ranges. With fields uncultivated for lack of profitable market for crops which might be raised. With mines closed down for lack of a market for copper, with stocks in storage beyond present demands either at home or abroad. With merchants struggling to carry worthy credit customers. With taxes delinquent where taxpayers simply cannot pay. With these and other conditions which present problems of finance never before encountered in the history of the nation or of Arizona, the definition of "economy" which the whole public demand should be applied to public expenditures, is the old fashioned definition of doing without the new until you have the money to pay, and run in debt only for strictly indispensable present necessities.

EDITORIAL COMMENT

The County "Road Funds" and "County School Funds" Must Share Equally in Forest Reserve Money

In 1908 Congress passed a law providing that: "twenty-five per cent of all money received from each forest reserve during any fiscal year . . . shall be paid at the end thereof by the secretary of the treasurer to the state or territory in which said reserve is situated, to be expended as the Legislature may prescribe for the benefit of the public schools and public roads of the county or counties in which such forest reserves are situated." This law applies to certain counties in the state of Arizona.

The State Law Which Relates to Division of Forest Reserve Funds For Roads and Schools

To give effect to above provision, Paragraph 4654 of Revised Statutes of Arizona, 1913, Civil Code, contains the following:

"Whenever any sum or sums of money shall be received by the state of Arizona from the United States by virtue of the provision of (here follows a reference to the act of Congress above referred to) . . . it shall be the duty of the state auditor to forthwith ascertain the amount apportionable to each county, according to the forest reserve acreage contained in each county, and as in said acts of Congress provided, and to apportion said money among the several counties entitled thereto accordingly, and to draw and transmit his warrants therefor to the treasurers of said counties respectively.

"It shall be the duty of the county treasurer receiving money under the provisions of the preceding section, to immediately notify the county school superintendent of the county of the amount so received, and thereafter said money shall be disbursed for the benefit of the public schools and public roads of said county, in such manner as the board of supervisors may direct."

Counties Have Always Received Just Proportion of Forest Reserve Funds

Thus far in this state there has been no question as to an accurate and proper apportionment of the above funds from action by the state officers, each county receiving its full and just portion thereof in all cases. It has, however, been questioned heretofore in this Magazine, that the division of the funds by the boards of Supervisors of the various counties. The question has been directed to action by such boards which resulted in a large proportion of such funds being expended for "roads" and a minimum amount thereof, expended for the "schools". In other words the boards have construed the words of the law: "said money shall be disbursed for the benefit of the public schools and public roads of said county, in such manner as the board of supervisors may direct," as being words authorizing the boards to divide the funds between schools and roads in such portion as directed by such boards.

Supervisors Have Heretofore Divided Funds Unequally Between Roads and Schools

While the manner of dividing the funds has been questioned the boards of supervisors continued to assume an authority from those words, which ignored all other provisions of the law. The error of so doing has been pointed out by the district court of the United States, in Seattle, Washington (Everett School District vs. Snohomish County Treasurer, 261 Federal Reporter, page 631.) That no further question may arise as to just what that court decided, quotations are given from the Court's opinion.

What the Court Says About Proper Division of Forest Reserve Funds

After quoting provisions of law as above in this article set forth, the Court says:

"It is alleged that the state treasurer remitted to the treasurer of

Snohomish County \$32,433.41 . . . and that from the said sum there was placed in the road and bridge fund the sum of \$30,910.85 and in the various county school district funds the sum of \$1,522.56. That the County Commissioners assumed to direct the county treasurer in the apportionment made; that the exercise of such power was without authority, that the trust created by the act of Congress requires an equal division between roads and public schools, to be expended for their benefit as the legislature might direct, the county treasurer of the respective counties to whom said trust funds were remitted became the trustee thereof, and was only empowered to make such apportionment equal to the two funds."

"The reception of the money by the defendant treasurer under the provisions of the congressional and state act, carried its notice of the object and purpose of the money and its trust character, and any disposition of the funds contrary to the trust was at defendant's peril."

"Schools have ever received the special consideration of Congress, and many grants to state in trust for various subjects are on the statute books, and no diversion from the purpose is countenanced without the approval of Congress. A distinction between grants for a specific purpose and grants to a state generally is recognized by Congress."

"It is contended by the plaintiff that the history of Congressional grants is conclusive that each fund should receive an equal share. In consideration of the act in issue, aside from the congressional policy gleaned from the legislative history which should be considered . . . it would seem that the general rule applicable to the construction of gifts, wills and deeds should apply where it is established that when bequests, gifts or grants are made to two or more persons, each is pre-

sumed to take an equal share, in the absence of limitations to the contrary."

Legislature Has No Power Over Division Of Fund. Only Power to Direct Use After Divided Equally Between Roads and Schools

"The power which was given by the state Legislature, supra, to the board of county commissioners to expend the money for the benefit of the public schools and the public roads, was only a power to expend the funds in the manner authorized by the laws of the state relating to roads and schools. There are many ways in which money may be expended for roads and schools. The money having been paid to the county treasurer for roads and

schools, he had no authority to disperse the funds in any other proportion than directed by the act of Congress, which language was repeated by the legislature, and the defendants, being the custodians of the trust funds, are liable for any misappropriation, and must account to the fund for the sums diverted. The evident purpose of the Congress, by the act, supra, was to have the schools and roads participate in the funds in equal shares."

Forest Reserve Funds Should Hereafter Be Divided Equally. Court Settles All Further Question

Thus the question is, or should be treated as finally settled by court decision. That decision goes further than will be necessary for its future applica-

tion to the forest reserve funds hereafter received from the United States and distributed to counties. It does say that county treasurers will be liable for "misappropriation of funds", if such treasurers do not divide the entire funds in equal amounts between "school funds" and "road funds". The boards of supervisors should take notice of the decision, and in the future refrain from such an attempt to divide the fund as will not only embarrass the county treasurers, but put them in jeopardy if he should follow any direction of the board other than a direction which includes an equal division thereof. The only discretion left to the boards, is a discretion as to the different purpose or purposes connected with roads and schools for which the equal halves of the funds due each are to be expended.

Officials Should "Mark Time" for Economy

There is no word in the English language, when applied to the subject of economy real and theoretical, actual and accepted economy, which permits of so many excuses for evasion of the real meaning of the word.

Just what the word "economy" means when applied to the question of public expenditures is a subject as varied as the minds of men may differ upon any subject at all. Every officer both before and after he assumes the duties of the public trust of an office through which he handles funds is a firm advocate of "economy". There will be no unnecessary expenditures in connection with his particular office. The taxpaying public will be fully protected under his careful supervision of the expenses and expenditures connected with his public activities. Have no fear, let every other officer be as watchful, let every other officer be as carefully scrutinize every proposed item for which money will be expended as that particular officer will be so careful, watchful and economical and the tax rates will immediately be lessened. The taxpaying public will get one hundred cents for every dollar of public money expended, and "economy" in large capital letters will be synonymous with the first name of that officer when the future public mention of his name.

Officers Drift From Economy Through Lure of Apparent Necessity for Expenditure Urged on by Scheme Promoters

Unfortunately every public officer has individual ideas of what is "neces-

sary". Certainly the public do not wish any of its public servants to so far economize as to lessen the results which can be and which are intended to be, accomplished through the particular officers selected by that public. That same public have selected that particular officer for his qualities of efficiency. The public certainly depend upon him to get results from the particular link in the whole scheme of public business entrusted to him. Certainly that same public intended him to use his best business judgment in what he does to the desired end. To the mind of each official there will arise no questioning doubt as to the correct answer to each of the above premises. Each such premise is a fixed rule which must underlie the course of official conduct of each officer so reasoning with himself. Ego. The necessities of each occasion for any line of action proposed to that officer are then weighed in the light of results. The public desired results from that officer. To get results may cost money. The doing of big things, adds to the popularity of the officer who does them, particularly if those things are the particular things which certain members of the public have promoted to the officer and have convinced the official mind of great public good to result from the doing. Every officer is more or less subject to the effect of praise. Unfortunately the promoters of enterprises which require the expenditure of "public" funds are as busy as bees around public officers who may aid in putting through the particular fads of those promoters. Those promoters are artful in argument,

and lavish in all that goes with getting what they desire, including many words of praise to the officer who may become the object of attack in connection with their desires. Constantly surrounded by such persistency, the ideas of a public officer gradually change. His ideas of the real definition of "public economy" undergoes a change to the same extent that he becomes finally convinced that each promoted scheme for public expenditure is in fact a real "public necessity". The more of such seemingly "public necessities", however, the less economy in actual results.

Legislatures Also Influenced by Administrative Officers Lobbying for Appropriations Under Claim as to Necessity of Purposes

What is the real definition of "public economy" from the taxpayers' standpoint? It means no more than the necessary cost of a really efficient government. But the taxpayers elect their representatives in the legislature. No legislature has ever been elected except each and every member so elected is pledged to "economy". Those legislators are not immune from the same influences which surround administrative officers. Those same influences which make administrative officers add seeming "necessity" to their definition of what economy means. Those legislators are subject to still more persuasive influences. They are surrounded by many administrative officers, each clamoring as to claims as to the real public necessities which sur-

(Continued on page 5)

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JUNE, 1921 50 Cents

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average attendance" in high schools for the fiscal year previous of 3,320 to 4,119, in the year referred to in the table.

Total Salaries Paid High School Teachers

The total paid for teachers' salaries was \$498,679.59 for year ending June 30, 1920, as compared with a total of \$406,247.98 shown in the same report as the total paid teachers in high schools for the previous year.

The total cost for maintenance of High Schools was \$789,759.00 for the year of the tables, as compared with \$608,408.00 of the previous year.

Increase in Per Capita Cost Between Fiscal Years

Readers will find in the table figures from which to make several interesting comparisons of costs. The per capita cost, for instance, increased from \$188.90 in the fiscal year previous to June 30, 1919, to \$192 in the year ending June 30, 1920. Based upon figures of "daily average attendance". The per capita cost of which the above figures are the averages for the whole state show a large range in similar per capita cost as between different schools. Metcalf high school, with an attendance

averaging "12" shows a per capita cost of \$812.535; while Douglas with a daily average attendance of 265, had a per capita cost of \$68.91. Taking high schools of more equal numbers, the table shows Douglas with 265 daily average attendance maintained at a per capita cost of \$68.91 per pupil; Bisbee with 284 pupils maintained at a per capita cost of \$184.955 per pupil; and Globe with 300 pupils, maintained at a cost of \$193.695 per pupil. There are still other comparisons which show differences as between per capita costs, and which differences seem to require more explanation than a suggestion of differing costs due to locations.

Unexplained Differences in Figures in Table Prevent Reconciliation

There are figures in the table which do not bear out the totals nor averages given. Just where the errors lie, the writer of this article is unable to say. There are missing items, also, which if supplied would make some changes in the table itself, and in comparative estimates as well. It seems strange that the matter of keeping accurate accounts does not seem to play any conspicuous part in the scheme of education adopted

Address all communications to the Secretary,
51 West Washington street, Phoenix, Arizona.

The Cost of High School Maintenance in Arizona for Year Ending June 30, 1920

The Magazine publishes below a table taken from the last report of the former Superintendent of Public Instruction as to the attendance, number of teachers, cost per capita, cost of various items in the maintenance, and aggregate cost of the high schools in Arizona, mentioned in the report.

Number in Daily Average Attendance in High Schools

The table shows that in addition to superintendents and principals connected with each high school referred to, there were 351 teachers engaged and acting in the various high schools for the fiscal year ending June 30, 1920. The report shows also (outside the table printed below) an increase in "daily

EXPENDITURES FOR HIGH SCHOOLS

County	Number of Teachers	Average Daily Attendance	Paid for Teachers' Salaries	Paid for Supplies	Paid for Fuel, Light & Water	Paid for Janitor	Paid for Repairs
Tombstone	4	30	\$ 4,260.34	\$ 8.15	\$ 54.90	\$ 100.00	\$
Bisbee	16	284	20,632.83	1,900.05	4,888.26	2,301.33	5,421.38
Douglas	15	265	24,095.95	1,191.48	410.15	1,741.51	1,947.45
Benson	6	25	8,432.93	74.84	229.03	1,080.01	361.63
Willcox	7	69	10,171.60	2,381.22	1,294.00	973.50	304.31
St. David		23	3,436.24	15.95	18.00	120.00	124.88
San Simon							
Flagstaff	5	12	4,905.00	6.95			
Williams	4	19	4,408.75				
Globe	23	300	33,961.39	6,232.42	1,925.83	3,650.40	9,245.08
Miami	12	118	24,838.89	2,260.42		965.00	1,740.01
Safford		71					
Duncan	5	35	6,550.20	1,360.63	30.00	1,320.00	455.07
Clifton	8	98	15,297.50	2,839.99	2,683.52	425.00	1,546.49
Morenci	5	51	13,789.25	4,167.41	400.96	293.91	3,322.58
Metcalf	6	12	7,917.00	1,368.25	34.90		
Phoenix	55	883	104,670.80	7,000.00	2,000.00	3,000.00	15,000.00
Mesa	13	386	35,025.00	5,000.00	500.00	2,500.00	300.00
Tempe	10	116	12,601.92	427.51	732.13	1,000.00	300.00
Glendale	10	165	16,675.00	60.00	414.40	1,700.00	826.70
Chandler	5	69	12,000.00	600.00	420.00	500.00	700.00
Gilbert		50	11,000.00	300.00	350.00	900.00	
Kingman	6	56	7,252.53		430.60	1,415.00	3,382.78
Holbrook	13	28	11,140.98	544.92	211.32	950.00	71.63
Winslow	9	89	3,334.08	451.99	37.10	252.99	125.00
Tucson	26	416	38,675.76	1,846.81	84.31	2,047.50	3,012.68
Florence	6	33	11,055.65	366.78	642.74	608.75	43.65
Casa Grande		41	6,428.69	1,962.08	4.40	120.00	14.65
Ray		21	5,313.20	217.50			
Nogales	6	60	6,824.00	738.84	505.14	832.00	2,325.66
Prescott	13	112	15,041.90	831.49	1,642.63	1,332.40	5,946.28
Jerome	6	51	10,220.00	835.39	353.41		
Clarkdale	4	51	8,732.21	710.33	257.18	405.00	1,334.85
Yuma	12	160					
TOTALS	351	4,119	\$498,679.59	\$45,601.40	\$20,544.91	\$30,534.30	\$57,852.82

either for common schools, for high schools or even higher institutions for educational purposes. The only thing which is self-evident and in which all branches of the entire system of education in the state, is the fact that the maintenance cost has been and is constantly increasing. That the public is called upon to foot the entire bill, whether or not any satisfactory financial report is made as to where the money really went, or the specific purposes for which it was actually expended.

New State Superintendent Has Wide Field for Real Work Towards a Real Accounting System for Schools

The present superintendent of public instruction has her work cut out for her. If she really does provide for a uniform system of accounting for school expenditures, and if she really does accomplish the feat of having accounts kept according to that uniform system so established. The public will be well pleased if they really have figures which are approximate, but are actual figures, to show the public where the money goes. Nothing but such figures will finally satisfy the curious, nor convince the taxpayers that the money expended for education is really necessary for educational re-

sults. While power to raise taxes and expend the money provided therefrom for schools, high schools, normals and the university is almost unlimited by present laws, the public which furnishes that money might grow impatient if no accounting is made. An impatient public is likely to go to extremes in its course of action in requiring action to meet its requirements for information. Hence the hope that future reports will be accurate and complete as to details, items and amounts.

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OFFICIALS SHOULD "MARK TIME" FOR ECONOMY

(Continued from page 3)

round their particular branch of activity. There are set phrases of expression which characterize the importuning of such officers when asking for legislative appropriations. Our department has grown. We see where we can make it grow more. We know what the public demands from us. It has been suggested by this, that, or the other organization that our department be empowered to take up this new field of activity. We absolutely must have more money. No matter how much you cut down other departments our particular department

positively should not be crippled by any reduction in appropriations. Etc. Etc.

No Final Aggregate of Special and General Appropriation Bills Results in Appropriations Exceeding What Was Intended by Legislature

Special appropriation bills are enacted. General appropriation bills are carefully framed and worded in the eleventh hour of legislative sessions. Dollars are mentioned in the aggregate amount, with the proviso that "no more shall be expended, than hereby appropriated." "Mill taxes" are made the subject of special acts for special purposes. In the hurly-burly of the closing hours of legislative endeavors bills containing appropriations are rushed through. The adding machines are not present in legislative halls. The legislatures do not know the totals until long after their members have retired to private life.

Special Laws Tend to Destroy Effect of Budget Laws and Open Doors to Unlimited Use of Public Money

True those same legislatures have enacted "budget laws". The public will know what is to be expended, and will know the purpose of each expenditure, will know both before the money is expended. Again, unfortunately, there exists in the law unrepealed continuing appropriations. There also exists in the law many acts which create thousands of dollars of public revenues, which revenues in practice are added to "specific" appropriations to be raised by taxation for public purposes. The public pay these revenues as well as they pay their taxes. Directly or indirectly, by taxation or by other schemes for payment, the total amounts actually raised and expended are the final amounts to be dealt with in the question of "public economy" so far as determined by the controlling factor of "real public necessities". These added sources of revenues permit evasion of the budget laws. In addition thereto, there are many laws which provide for taxation in certain rates per hundred, or provide it in the way of so many mills per dollar of assessed valuations, and pass the amounts so raised over to departments "with no strings to it", permitting an unrestrained exercise of official discretion as to amounts, items, objects and purposes for which such money may be expended. The "budget law" has no force as connected with such appropriations.

Taxpayers See No Economy in Results Which Show Doubled and Redoubled Taxes

From the standpoint of the taxpayers there has been but one result. The amount of public expenditures have

SCHOOL MAINTENANCE 1919-1920

Paid for Furniture	Paid for School Apparatus	Paid for Libraries	Paid for Rents	Paid for Census Marshal	Miscellaneous	Total Expenditures	Per Capita Cost Av. Daily Attendance
493.99	\$ 205.87	\$.60			\$ 40.15	\$ 5,164.00	\$136.60
1,378.44	1,364.47	1,829.77			12,822.62	53,539.15	184.955
1,177.44	1,227.61	335.89			1,797.95	18,262.45	68.91
475.21	205.87	101.40			1,402.80	14,702.39	588.095
1,115.37	745.58	99.11			7,722.78	38,737.82	561.705
125.57	209.84	71.26			2,360.76	6,582.50	286.195
						4,911.95	409.325
						4,408.75	284.615
		301.07	19.00		2,773.69	58,108.88	193.695
203.06	446.51	308.24	42.55		4,612.51	35,417.25	300.145
763.63		131.50	300.50		333.51	11,244.90	321.28
101.50	451.28	177.54	1.50		4,389.95	27,914.27	284.83
	3,204.01	464.55	1,485.00		523.49	27,651.16	542.175
15.58	127.79	219.29			67.62	9,750.43	812.535
5,500.00	7,000.00	500.00	1,300.00	14,000.00		156,970.80	177.78
		300.00		10,000.00		53,625.00	138.92
	228.60	111.64		500.00		15,905.80	137.115
699.41	366.35	184.60				20,926.46	187.43
	350.00	250.00		1,200.00		16,020.00	232.17
	300.00	200.00		1,000.00		14,050.00	281.00
120.52	488.53	48.80		2,042.24	121.77	16,316.70	273.51
	200.15	124.64	765.94	83.28	286.03	14,379.09	513.535
		13.04	193.01		18.40	4,425.61	492.75
563.65					6,526.96	52,747.67	126.795
818.83		50.70			1,968.18	16,555.28	501.675
25.60		517.53			650.89	9,723.84	234.725
	2,172.75				2,014.47	9,717.92	457.995
	778.03	382.82	147.16	1,400.00	2,865.32	17,161.29	286.02
117.12	605.35	280.80				25,798.00	230.335
						13,050.93	255.90
155.50	493.40	414.81	1,485.90			13,989.18	274.29
850.42	\$21,169.99	\$7,419.60	\$5,740.06	\$30,225.52	\$53,295.85	\$789,759.47	

doubled and doubled again. The amounts of special fees, the numbers of public activities supported by such fees, are continually increased. Tax rates have increased to an aggregate which is now appalling to the property owners whose property is taxed. To the taxpayers it seems as if the man, or men and combinations of men who singly or who collectively upon public boards, commissions and departments should stand and watch the "scales of real necessity" and weigh every proposed addition to the final burden of public expenditure, as that burden is now borne by the taxpayers, are not really watching the scales. The public are fully convinced that too much is being paid for "chaff" with too little "real wheat". The public are beginning to be critical. The question is being asked, are public institutions really accomplishing more today than formerly? The question is being asked: "are our public schools and universities turning out young men and young women better equipped to battle with the world than did the schools and universities of the time when fathers and mothers who are now taxpayers were pupils and students? The question which is asked and which covers the whole subject "is the present government, federal, state, county or municipal more efficient today than they were a decade, two, three or four decades in the past.

Will a Return to More Direct and Simple Methods Reduce Public Expenditures and Produce Equally Good Results?

The public are beginning to doubt. The cost of a thing no longer conclusively impresses that public as to the real value thereof. There are members of the public who view the increased cost in line with an old-time expression, that "fine feathers don't make fine birds," and reason that view through multiplied fine public buildings, fine parks, elaborate provisions for and connected with all public activities of today. The little red school-house of their childhood comes as a vision of lost economy when viewed with the present structures of stone, cement and marble. Visions of sturdy children battling their way to school through defying elements, to take their places at rude desks for elementary education, thus learning lessons of self-reliance at the outset, are compared with the "easier modes of going to school" the luxurious appointments of the schools, the luxuries of associations and environments at present connected with our places of learning. The doubts again bring forth the question, "do present results so far surpass the results of the past, as to warrant the enormously

increased cost in obtaining results at present.

One Measure of "Economy" Is the Ability of Public to Pay

The true definition of "economy" is that definition which has been adopted by this Magazine. **Economy to such extent as speaks for efficiency in providing governmental necessities.** Nothing can be deemed a public necessity the cost of which exceeds the ability of the public to pay. The ability of the public to pay must at all times be measured by the circumstances which concurrent with the times when payment is required, control the private circumstances of each private individual who must make that payment. The ability of the public to pay for public activities is certainly not present when the individuals of the public are forced by economic conditions to deprive themselves of the actual necessities of private life, when those private necessities are in turn measured with the rule of a forced strictness of real economy. Of course the government must go on. The people are the government and must support it and to do so must provide its real necessities. True economists insist however, that public necessities are to be measured by no other rule than the one applied by individuals. Those economists insist that the rule as to what are public necessities is not an inflexible rule. That it must be applied to meet the conditions of the times. That when so applied apparent necessities may in fact be no more than real luxuries. As luxuries those seeming necessities should await the time when conditions are apt. Those economists insist that true economy requires a retrenchment in the matter of all public expenditure. That retrenchment requires a pruning out of all useless appendages connected with public affairs. That retrenchment requires that public expenditures be curtailed to the extent of making the best of present facilities for the performance of public activities, and postpone provisions for increased similar facilities until such time as the public

are better able to pay the cost. Those economists insist that the taxpaying public must be given a chance to catch up by making the best of what they have until such time as the effects of a whirlwind of reckless expenditure, debt-making and the era of results from the aftermath of world war conditions has been overcome. In line with the true definition of the word "economy" it is asserted that public officials are not placed in charge of public affairs for the sole and only purpose of spending public money. They are not vested with a duty to find necessities as a reason for such expenditures. On the contrary they are the keepers of the public funds and as such have an imperative duty to perform under the conditions which now confront the public. That duty if performed, requires not only a retrenchment in all possible ways, but requires that a deaf ear be turned to all importunities from no matter what source, which would cause money to be expended for what is not presently required, and presently necessary to such public activities as cannot be dispensed with and government remain.

Can "Mark Time" Without Destroying Efficiency in Public Activities

An army organization may be fully efficient and fully able to meet every emergency, yet orders are given that it "mark time" rather than advance. Similarly, the orders of the public as applied to existing financial conditions, is a similar order addressed to its officers. "Mark time." The explanation of that order is that the real economy which is at present required is no more and no less than real economy at any time. As applied to those existing conditions the order means that the public is against any continuation of advances in the old reckless order of formation, with included therein, these expenditures which will not stand the inspection of a rule of real public and real present necessity therefor.

To economize public officers should unquestionably "MARK TIME".

Two New Laws Respecting Expenditures and Claims of State Officers and Commissions

In the last issue of the Magazine the full text of Senate Bill No. 118 was published as one of the laws which was referred to under above heading. Space did not permit the publishing of both laws in the one issue, and consequently Senate Bill No. 119 was left to be published at this time. Its provisions are as

follows:

Senate Bill No. 119 provides, as follows: "That subdivision (1) of paragraph 70 of Revised Statutes of Arizona, 1912, Civil Code, be and is amended to be as follows: Audit, adjust and settle the amount of claims against the State payable out of funds of the State, ex-

cept only such claims as may be expressly required by law to be audited and settled by some other office, board, commission or department. The auditor shall have power to investigate each and every claim presented to him as a claim upon which warrant is to be drawn upon the State Treasury. And in the event such an investigation appears to disclose that all or any portion of any claim so presented is not for an actual public purpose, connected with the activities of the office, board, commission, or department where the investigated claim originated, the auditor shall refuse to draw a warrant, except for such amount of each claim as appears to be for an actual public purpose. He shall submit his reasons for rejecting all or any portion of claims for which he refuses to draw a warrant to the office, board, commission or department, and a warrant shall not be drawn therefor until a new claim fully itemized, stating specifically the actual public purpose of, and the necessity for

each particular item or amount of expenditure referred to in the auditor's statement of reasons, is presented to the auditor properly verified by the oath of the person making the expenditure so in question, and again approved for audit and warrant by the officer, board, commission, or department which in the first instance audited the rejected claim. In event such verified claim is not filed, or if refiled in event that it does not then appear that a public purpose is in fact involved respecting the claim thereof, the auditor shall have power to again reject the claim, and report the fact of such rejections to the Governor, and no warrant shall be drawn thereon, except the Governor specifically approves the claim in whole or in part. All acts or parts of acts conflicting with provisions of this act are each and all hereby repealed."

In general Senate Bill No. 119 is so worded that each expense and each trip made by an officer in connection with public duties so far as the expenses in-

curred will stand separate and distinct from all other expenses and trips. The purchase of scrip books has been abolished and the related effect of the two measures is that the auditor is not finally bound by any audit of expense or other claims made by the department or office in which such claims originated, but is given power to investigate each and every claim presented to him, and in the event this investigation appears to disclose that all or any portion of that claim is not for an actual public purpose, he may reject it, call for more detailed information, and the matter may finally be put up to the Governor of the State as to whether the claim be allowed or rejected.

If there is any leak in the matter of unnecessary expenses, the measures referred to will have some effect in stopping that leak, and whether there is a leak or not the two acts stand as a prevention of any expenditures not for actual, necessary public purposes.

Total Amounts of Money Distributed From State to Counties for Fiscal Year Ending June 30, 1921, for Common Schools

Below is given the figures which show the per capita, the amounts in each of two distributions made from state common school funds to the various counties for the fiscal year which ended on June 30, 1921. The number of school pupils in the school census upon which the apportionment was made is 85,213. Opposite the names of counties appear the numbers of pupils on the census in each county. The total distribution amounted to \$958,841.90. This is the amount of the common school fund of the state after deducting the expenses of administration, the cost of free text books, and reductions for other items connected with the office of the state superintendent of public instruction.

Heretofore the state school fund has not been credited with amounts received from leases of state common school lands, nor with interest on unpaid portions of the principal of sales of such lands, by mistake the amount of such interest has been loaned in connection with other permanent school land funds. With this mistake rectified a large increase will be made in the total amount to be distributed from the state to counties for support of common schools.

The figures given below will not aid in making any estimate as to the amounts to be received by counties from state common school funds for the ensuing year. The basis of distribution has been changed from a flat amount for tax levy

to a tax levy to be determined at \$25.00 per pupil, multiplied by the "daily average attendance" in the public schools for the past year. While that daily average attendance has not yet become

known, it is safe to assert that the aggregate amount will be more than heretofore.

The figures referred to are as follows:

County	Census Number of School Children	Amount January Apportionment	Amount of May	Total
Apache	1,456	\$ 7,207.20	\$ 9,172.80	\$ 16,380.00
Cochise	13,474	66,696.30	84,886.20	151,582.50
Cocino	1,597	7,905.15	10,061.10	17,966.25
Gila	6,862	33,966.90	43,230.60	77,197.50
Graham	3,427	16,963.65	21,590.10	38,553.75
Greenlee	4,623	22,883.85	29,124.90	52,008.75
Maricopa	25,133	124,408.35	158,337.90	282,746.25
Mohave	1,097	5,430.15	6,911.10	12,341.25
Navajo	2,975	14,726.25	18,742.50	33,468.75
Pima	9,097	45,030.15	57,311.10	102,341.25
Pinal	3,601	17,824.95	22,686.30	40,511.25
Santa Cruz	2,971	14,706.45	18,717.30	33,423.75
Yavapai	5,179	25,636.05	32,627.70	58,263.75
Yuma	3,721	18,418.95	23,442.30	41,861.25
Totals	85,213	\$421,804.35	\$536,841.90	\$958,646.25

Changes in the Laws Relating to Common Schools and State Appropriations Therefor

Important changes were made by the last legislature in the school laws, and particularly so in connection with the amounts of state funds appropriated for use of the common schools, in the manner of distribution of such funds to

the counties, and in the per capita amounts so to be distributed.

Old Law Fixed a Definite Amount for School Fund to be Taxed

Under the old law a flat amount of \$750,000.00 was appropriated under

the provisions of Paragraph 2815 of Code of 1913 as amended. There was an additional appropriation in the general appropriation bill of the 1919 legislature amounting to \$125,000.00. Thus making in all, prior to 1921 new law, specific appropriations of \$875,000.00. By Senate Bill 83, which is Chapter 158 of Session laws of 1921, it is provided:

New Law Provides a Per Capita Tax Based on Daily Average Attendance

"There shall be levied and collected annually in the same manner in which other state taxes are levied and collected, by a levy made by the officials provided by law, a sufficient tax to raise a sum which shall not be less than twenty-five dollars per capita on all children in average daily attendance in the common and high schools of the state, as shown by the records of the State Superintendent of public instruction."

Under the old law the state distribution was made upon the basis of the school census. The 1921 legislature abolished that census, and in the above language uses the same basis for distribution to the counties, used by the county treasurer in pro rating state funds to common school districts, that is on the basis of "daily average attendance".

Imperative that County Reports Be Made to State Superintendent, or Confusion Will Arise as to Actual Amount of State Funds for County Schools

In applying the new law with its above changes confusion is sure to arise as to the amounts which each school district can estimate as to be furnished it from the state due to the fact that the "school budgets" made up by districts and submitted to the county school superintendents, are prepared in June and July, while the reports upon which the State School Superintendent must rely for transmitting to taxing officials are not received at the state office from county school superintendents until August first, and are in practice, not actually received until after that date. Thus the board of Supervisors will not have before them, the actual basis in figures which will determine the actual amounts to be received from the state on the per capita rate of twenty-five dollars on "daily average attendance". Those actual figures cannot be available until after county budgets have been adopted. Of course, it will be possible for each county school superintendent to transmit direct to the boards of supervisors the actual "daily average attendance" in each school district in the county. But the law does not positively require this, and unless county superintendents volunteer the information to their respective boards of supervisors the latter will un-

doubtedly use "estimated daily average attendance" instead of actual figures of such attendance, with a result that county taxes will duplicate amounts which will actually be furnished by the state for common school purposes. In view of the conditions existing among the taxpayers of the state, it is hoped that county officials will make strenuous effort to avoid all such duplications. Amounts of taxes to meet actual needs are large enough without doubling the amount for any other purpose, either in whole or in part.

Other Sources of Revenues Are to Be the First Credit Upon Proposed School Budget Tax For Remainder Of Budget Only

However deficient the first figures as to "daily average attendance" may be county officers should not overlook the fact that the state common school fund each year will still consist of the amounts received by the state from rentals of state common school lands, of amounts received from interest on sales contracts applying to such lands as have been sold, and interest on loans made from amounts received to apply upon the principal purchase price of lands sold. Nor should it be overlooked that those counties which heretofore have received appropriations from "forest reserve" funds, will still receive such allowances.

In amended Paragraph 2817, as found in the new act of 1921, it is expressly made the duty of each county school superintendent in computing sums to be finally raised for districts to base his computations on unit amounts of not less than "forty-five dollars nor more than eighty dollars" and applied to the "daily attendance" and by deducting from the totals so produced by multiplication "the amounts to be received from the State Common School Fund, the Forest Reserve and other sources."

School District Officers Required to Itemize Proposed Expenditure of Their Districts

Another feature of the new law is contained in Amended Paragraph 2817, therein, which reads as follows:

"On or before the first day of July of each year, the trustees of common school districts and the boards of education of high schools shall file with the county school superintendent an itemized statement of the amount of money needed for defraying the expenses of the schools within their districts for the ensuing year. This estimate shall be transmitted to the Board of Supervisors by the county school superintendents at the time he files

his estimate of the amount needed for the schools of the county."

With the foregoing provision carried out every board of supervisors will have before it the details which will enable it to act intelligently in fixing the amount to be raised up to not "less than the minimum amount of money" called for by the report of the county superintendent. Heretofore, reports placed before such boards were so meager in information as to be of no real value as a guide to action by the board.

Supervisors Have Some Supervisory Control Over School Budgets

After carefully studying the new law there still remains a doubt in the mind of the writer as to just what amounts are to be raised by counties for common school purposes. There are references in the law to estimates by the county school superintendent of amounts needed for all schools. There is language in the law as to amounts to be raised to meet all that is requested by various district boards including amounts to be raised by special levy in the district, with what seems to be final language, that the board of supervisors shall levy a tax to raise "the said minimum amount of money." The doubt is as to the final power for final action as to amount to be raised. Did the legislature intend that each school district should determine the amount required, and finally so determine it, if so why the circuitry of action through the hands of the county school superintendents with their required multiplication, addition and subtraction, before finally certifying an estimate of what is required to the board of supervisors. This action is final then why the transmission of all "items of estimates" received from school districts by the county superintendents, to the boards of supervisors, to accompany the estimates to that officer. Unless the board of supervisors has some supervisory control over the whole matter why all the language which surrounds the submission to them of the whole matter. It seems to be evident that the legislature intended to pass a supervisory power to the boards of supervisors, but the language used in conveying that intent into the law itself, gives room for doubt and confusion. However, this Magazine is inclined to the belief that the legislature did really intend to have every district school among the common schools of the state maintained upon some basis of uniformity in their course and incident thereto with approximate similarity in cost of such maintenance. To carry out that intent the final revision of proposed estimates from various school districts must necessarily rest with the board of supervisors.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, JULY, 1921.

NUMBER SEVEN

AS A MEANS TO AN END

The PEOPLE of all classes are demanding reduction of taxes. Many classes are voicing that demand in requests to assessing officers that the unit values to be applied to particular classifications of property be reduced. All are aiming at a reduction in the aggregate of public expenditures as a means of reducing tax rates. Changing the proportionate and relative values of property for taxation purposes may relieve one class at the expense and burden of other classes, but will not afford general relief to all. The true means to the desired end is from and through strict economy. Such economy as will follow an elimination by administrative officers from every state, county and municipal budget, of every possible item therein which is not justified by immediate and indispensable necessity to an efficient conduct of public activities. That sort of enforced economy will relieve the burden of every taxpayer regardless of any question as to the kind of property assessed to him upon the tax-rolls. Reduce the amount proposed in budgets, and every tax rate will automatically be decreased.

Economy is the Means to the End of Reduced Taxes

EDITORIAL COMMENT

The Fate of the "County Unit" School Law

After advocating the county unit plan for control of the common school system of Arizona for nearly seven years; and after devoting days of study to so devising a law that would pass by the first test of opponents of such a plan, somebody blundered. "For the lack of a horse-shoe nail a horse was lost" etc. So it appears that for lack of an enacting clause Senate Bill 104 has been lost. The absence of those meaningless or, (rather unnecessary words in this instance,) "Be it enacted by the Legislature of the State of Arizona," from the text of that Senate Bill 104, the work of years has been delayed for another two year period, or until a next legislature can add those missing words to what the 1921 legislature actually considered, actually intended, and actually voted upon, supposing that the result of its acts would be a start towards a "county unit system" for the government and control of the common schools of Arizona.

This Magazine Always a Supporter of "County Unit Plan" for Control of Common Schools

As repeatedly suggested in the columns of this Magazine, the idea of a county unit system for management and control of the common schools is the only equitable idea. Such a system is strictly in line with the idea which first called into our present system the unit of control based upon each unit school district. In the early history of our states, each isolated community had its common school. The people of that particular community supported that school. It received no support from outside, and expected none. Properly indeed was the control of all things pertaining to that school assumed by the people whose school it was. Thereafter with the creation of the northwest territory, Congress, with the purpose of aiding the struggling pioneers in what at that time was a "far country," made provisions under which sections sixteen and thirty-six in every township should, when surveyed, pass to and belong to the territories and states of that vast territory, "for the support of the common schools" therein. There was a period when the school district was organized to include a distinct township. The disposition of tim-

ber, sales of school section lands, in districts so organized, made the position of control in school district boards, a position of influence, and in some cases, unfortunately perhaps, one of profit to members of such boards. Altogether under the first scheme of affairs, the district organization was first the only way in which district schools could be handled, and with the growth and development of such schools, as fostered by federal grants, and later by state aid, came to assume an important factor in local affairs, social, financial, and political. From it all comes the only slogan which can still support the idea of a continuance of the district unit, and which is that slogan of claimed inviolability of "home rule for schools" as against a more general rule thereof in connection with a larger basic unit for control and management. The idea of curtailing, if not entirely abolishing the district unit among common schools is not a new idea. It is not new to Arizona, and it is not new to other states. The idea is not a "layman's" idea, but is one which has the firm support of prominent educators of the present day and age. To the latter it is looked upon as a required means of accomplishing a desired end. That end is to their minds an end which cannot be accomplished otherwise. That desired end is the same which the framers of our state constitution had in mind when the provisions were there inserted requiring the state to provide funds for the support and maintenance of the common schools of the state. The end which is included and comprehended by the idea of equality of opportunities for common school education throughout the state, regardless of location of the school children, and regardless of the ability of particular localities to support such schools as will afford that equality. The idea of a changed unit does not include anything which intends to lessen the greatness of the good which has been accomplished through the means of the "old district school," that idea gives full credit to all that has been resultant from the present system, and simply aims at still greater results under a new plan.

The new plan itself is one which aims to do, and surely should do what has been impossible under the present sys-

tem. It aims to force to the remotest corners of the state of Arizona, the best ideas of modern education to be taught in common schools. It will form a headquarters of the state and county units in the new plan, the one subordinate to the other, present to the future "Abe" Lincolns among our growing youth, surrounded as they may be by environments of all poverty except a wealth of ambition to make the best of every opportunity for advancement, giving to all of these the same opportunities which may surround others who may be placed in more favorable positions as respects school facilities. As said above, the idea of county unit is one where greater and better opportunities for common education are offered on the one hand, with no real cause for objection thereto, except a paraphrase expressed in the idea of some encroachment upon home rule in communities.

One Legislature has Espoused the Unit Plan, Which is a Victory Even Though the Law is Not Effective Yet

The legislature recognized the undoubted advantages of the new idea. Senate Bill 104 was the result of that recognition. The fact that such bill is not a law today, does not detract from the victory so far as convincing that legislature was concerned. In the mean time the county unit plan for control of the common schools is merely sleeping until another legislative session. During that period public interest will remain unabated in the question. During that period this Magazine which was one of the pioneers of the movement for a county unit and county accounting system for schools, will endeavor to keep the movement from becoming a dead issue. In line therewith, the Magazine presents to its readers extracts from the law which passed the last legislature and which give the mode in which the plan would have been put into effect. Our readers have nearly two years in which to suggest changes towards the perfection of the system with what is given below as a groundwork for their action.

Essential provisions of Senate Bill 104, are as follows:

"The county shall be the basis for

(Continued on page 4)

PLAINLY UNCONSTITUTIONAL

Stripped of all sentiment which prompted a charitably inclined legislature to enact it Senate Bill 60, which appears as Chapter 60 of the Session Laws of Arizona for 1921, puts at defiance provisions of the constitution which plainly prohibit the gift of public money.

Section 7 of Article IX of the state constitution expressly provides, that:

"Neither the state, nor any county, city, town, municipality or other subdivision of the state shall ever give or loan its credit in the aid of or make any donation or grant by subsidy or otherwise, to any individual, association or corporation."

Section 13, of Article II of the state constitution expressly provides, that:

"No law shall be enacted granting to any citizen, class of citizens or corporation other than municipal, privileges or immunities which upon the same terms shall not equally belong to all citizens or corporations."

In the face of above constitutional provisions comes Senate Bill 60, above referred to. It provides:

The Text of This Law Explains the Legislative Reason for Its Enactment

"That because of the construction company's not completing the Lyman Dam, and the resulting failure to obtain water which has prevented the growing of crops on the Lyman Dam Project during the past five years and which will limit the growing of crops for at least another year, the interest due the State of Arizona on the money loaned for the purpose of erecting said dam is hereby remitted until the year 1925 as hereinafter provided . . . The state loan board shall ascertain the amount of interest due on the loan made on the farm lands within the Lyman Dam Project up to the time this act becomes effective and shall make a claim for the amount so determined upon the State Auditor, who will issue his warrant upon the receipt of such claim for a like amount to be credited to the permanent funds invested on such loans. At the end of each calendar year up to and including 1924, the State Loan Board shall ascertain the amount of interest due, and if, in their judgment, similar action is necessary, shall have authority to grant the same relief to said mort-

gagors for the calendar year next preceding."

It is to be assumed from the reading of the above, that some of the permanent land funds have been loaned by the state, and that interest due from such loans has not been paid for a period of years, approximating in some instances at least, the past five years. The act would give to the mortgagors all of that past due and unpaid interest, and would require the balance of the public to provide amounts in the state treasury, in order that the similar amounts be restored to the permanent land funds.

The State Not Only Gives Away Interest, But Has Already Included Interest Money Due for Current Use of Institutions, in the Principal of Loans Made

The loans referred to amount to between \$600,000.00 and \$700,000.00. Included in those loans are the proceeds of sales of common school fund lands, and other special grants to state institutions, including state charitable and penal institutions. In the proper use of that interest, if it had been paid, the amounts available for maintenance of each such institution would have been increased by the proportion that lands donated by the United States have been sold, and the money thereof loaned in the mortgages referred to. In actual disposition of the funds in the first making of the loans, not only was the principal which was derived from land sales loaned, but interest, rents and other incomes derived from the unsold lands belonging to the different land funds, were also loaned. The result is that the Lyman Dam Project has already tied up several thousand dollars of interest money, represented in the principal amounts of the mortgages referred to, which should have been used for the current support of schools, the Pioneers' Homes, the State Asylum for Insane, the State Industrial School and the state prison, and leaves great uncertainty as to whether any interest or principal either, will ever be paid on those loans. With the further results that the taxpayers have already been called upon through special appropriation bills passed for relief of institutions named above, to make up deficits in general appropriations, to the end that those institutions might in turn support and care for their inmates.

The Law If Unchallenged, Would Tend To Establish a Principal Nearly Akin to Permitting Repudiation of Private Debt to the Public

Coming to the law above referred to, the question of importance is not so much one of harshness, but one of precedent and principle. If the legislature had extended the time within which the Lyman Dam mortgagors might pay the interest upon their state loans, the precedent would not have been so alarming as a precedent. But when the legislature entirely remits all unpaid interest, and by so doing actually gives the mortgagors the amounts involved, and when the legislature goes into the future and orders in such way that the administrative officers may forgive interest for three years more, the precedent is one to be challenged and blocked through constitutional reasons as to the invalidity of the law.

Other Mortgagors in State Loans Are Discriminated Against In Lyman Dam Relief Bill

The legislature saw only the financial condition of some persons who had become indebted to various land funds through loans thereof from the state. It did not see the financial conditions which surround numerous other mortgagors of the same class, or classes of funds. It did not see that due to failure in rainfall, thousands of cattle and herds of sheep were famishing upon the ranges of the state. It did not see that through falling prices, lack of market, or through other causes not within the range of human foresight, many worthy citizens of Arizona are unable to pay their interest on loans upon their homes, farms and herds. The legislature saw only relief to a few worthy persons, it did not see that the relief actually proposed to be granted to that few, would add to the burdens of many others equally unfortunate in their private ventures. The matter of interest upon loans is one thing, the matter of increased taxes to raise money to pay interest which another private individual cannot pay, is quite another. The legislature evidently overlooked the fact that in attempting to relieve the Lyman Dam land owners, it made such provisions that additional taxes must be raised to the amount of several hundred dollars, and that those taxes must be paid by other citizens who are wearily

(Continued on page 5)

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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THE FATE OF THE "COUNTY UNIT" SCHOOL LAW

(Continued from page 2)

educational organization in the State of Arizona and each county board of education, as provided for in this act, subject always to the powers granted to city school districts and to sub-districts in this code, shall have supervisory oversight and control of all public schools and school libraries within the county.

* * * * * **Joint School districts.** Joint school attendance sub-districts may be established by the joint action of two or more county boards of education. All such districts shall be under the educational, statistical and financial control of the board of education and the supervisory control of the county school superintendent of the county in which the school house is located. Attendance sub-districts may be changed by county boards of education or they may be altered or abolished, as the needs of the schools may seem to require.

* * * * *

County boards of education. For the management of the educational affairs of each county a county board of edu-

cation shall be elected by the qualified electors of each county. * * * * Each county board of education shall consist of six citizens, to be elected from the county at large (not more than one shall be elected from any city or sub-district) and for terms of six years each. * * * * **Powers and duties.** Each county board of education, subject always to the limitations of this act relative to the powers of city school districts and county sub-districts, and acting either as a board or through its executive officers, shall have the following powers and duties:

(1) To adopt rules and regulations not inconsistent with law or the rules and regulations of the state board of education, for the regulation and government of the schools of the county.

(2) To adopt a seal for its official use.

(3) To appoint its executive officers.

(4) To see that the law relating to education, and the rules and regulations of the state board of education, are enforced within its jurisdiction.

(5) In the name of the county board of education of (Name of County) to possess corporate powers; to sue and be sued; to acquire, hold, lease real estate and personal property; to receive bequests and donations; to perform other corporate acts for educational purposes.

(6) **To locate and maintain schools as needed within the county,** to close schools and arrange for the transportation of pupils to other schools, whenever in their judgment, such transportation of pupils is advisable.

(7) **To cause to be kept an accurate account of all their official acts, proceedings and decisions; and of all statistics and financial matters relating to the schools of the county;** and have transmitted to the state department of education such information relating to the finances, condition and progress of the schools of the county as may be requested.

(8) To assume and hold title to all property to the county not under control of city school districts; and to pass title to the same to city school districts, when such have been properly organized.

(8a) To call meetings of the qualified school electors of any sub-district whenever in the opinion of the majority of the Board such meetings may be deemed necessary or advisable, and the actions of all meetings shall be reported to the Board by the director of the district.

The County Board of Education shall consider and act upon any and all matters submitted to such Board by the director of any sub-district, and shall transmit the actions of the Board to such director.

The County Board of Education shall cause plans to be prepared for any buildings, additions to, or improvements on any existing buildings whenever a petition, in writing, so to do shall be presented to said Board, signed by not less than twenty-five per cent of the qualified electors of any sub-district. The Board shall call such a meeting of the electors of any sub-district for the purpose of submitting to such meeting any and all plans for new school buildings or teacherages, additions or improvements, the erection of which is proposed to be made within such sub-district, whether such plans have been prepared upon petition of the electors of such sub-district, or by the Board upon its own initiative. Written notice of any and all meetings shall be posted by the director in three public places in the district not less than ten days prior to such meeting. When a majority of the qualified electors of any sub-district at any meeting shall finally approve the plans submitted, the director shall transmit a copy of the minutes of the meeting to the Board of Education, which shall thereupon call a bond election, as provided by law.

(9) To insure, purchase, lease, rent, or sell school sites and school buildings within its jurisdiction; to build, repair, and improve the same, or approve contracts for so doing, when the plans have been approved as provided for in the law; and to condemn, under the laws providing for the condemnation of property for state purpose, any property needed for educational purposes.

(10) **To act as a board of control for any county high schools,** county vocational schools, county truant schools, county agricultural schools, county training schools, county libraries, or county museums, which may be established.

(11) **To appoint, on the nomination of the county superintendent of education, all principals and teachers for all schools in the sub-districts within the county,** and to fix and pay them their salaries, to contract for all supplies; to establish separate sub-districts for the colored race, as may be needed; and to maintain all schools of the same classification in the county, under their jurisdiction, for an equal length of time, and with as nearly equal school facilities as is possible.

(12) To appoint school directors for attendance sub-districts.

(13) To provide for health supervision and instructions, as required by this act.

(14) In conjunction with county boards of education in an adjoining county or counties, to assist in the maintenance of such joint attendance sub-

districts as may be needed.

(15) To determine the annual budget for schools, library work and other educational undertakings within the county and under their control, as provided in this act; to certify the county school tax, and all special school taxes for all districts and sub-districts, to the county board of supervisors for levy; and to determine the appropriations for educational purposes and schools under their control.

(16) To cause to be prepared and printed, in sufficient quantities to meet the reasonable demand for such, an annual report covering the condition, progress and needs of the schools.

(17) To perform such other duties as may be directed elsewhere in this act, or by subsequent acts of the legislature; and to perform all acts reasonable and necessary for the advancement of the educational interests of the county, the general diffusion of knowledge among the people, and the promotion of the welfare of the child, and to exercise, subject to the provisions of this act, in the districts under its control, all powers granted to city boards of education."

PLAINLY UNCONSTITUTIONAL

(Continued from page 3)

struggling with interest and tax problems to save their homes from sale under the hammer.

Public Sentiment Will Justify Opposition to the Law Referred to Herein

When all the persons in this state, who owe interest which they cannot presently pay, who must depend upon leniency of their creditors or lose their all, have voiced their sentiments in connection with the provisions of the above law, with its effect, and in whose behalf a similar law is or can be provided, granting to them the same privileges under equal conditions, which that law, if constitutional, would grant, it is believed that opposition to the measure will be approved to an extent to be fully justified

A Forecast as to Effect of Law as a Legislative Precedent

As a precedent the law is obnoxious. There is before the people a proposition to authorize the state to issue bonds to establish irrigation district projects. Those bonds, if authorized, would draw interest. The preamble to the action of the legislature, given as a reason for the relief granted to the Lyman Dam landowners, is the failure of the contractors to finish the dam. Five years with plenty of state money behind the project, and the residents find that they are still unable to pay interest upon the principal sum of the cost of the project. That tells one part of the truth of what may be expected if "House Bill 83" is finally adopted by vote of the people. It does not tell the entire story. The Lyman Dam project as paid for with the loans in question, will irrigate lands which have heretofore been under cultivation through means of irrigation works heretofore washed out. Irrigation projects proposed for state and through state bond issues are projects which embrace lands which have never been placed in shape for cultivation, but are pure, raw desert lands. If the final owners of such raw lands to be irrigated through projects constructed with funds provided through state bonds are ever able to pay interest, they will not be able to do so until after such time as the projects are finally completed with delays incident to contractors' defaults included in that time, and with such further time which will surely elapse before they are able to put that raw land in shape for cultivation and cropping. During all of which time the lands cannot produce interest. The actual situation presented by what is said above is a positive example of what may be expected if irrigation bonds are issued by the state. The precedent of the above law, if unchallenged, would be one under which future legislators might feel authorized to forgive and remit unpaid interest, leaving the taxpaying public at large the burden of paying that interest.

At a recent annual meeting of the Arizona Cattle Growers' Association, in joint meeting with the Wool Growers' Association held at Flagstaff, no subject before the meeting was given more earnest consideration than the subject of public expenditures. With the cattlemen and wool growers, to think, to discuss, are but steps to direct action. The result of consideration as given by that convention is found in a resolution which shoots direct to the mark. In that resolution the Cattle and Wool Growers ask no special consideration, they recognize the existence of a general condition affecting every interest in the state, and manfully resolve along lines which if followed will afford a direct relief to others as well as to their particular members and associations.

The Magazine takes great pleasure in placing before its readers throughout the state, the full text of the resolution above referred to, which was adopted by those associations, and which is as follows:

WHEREAS, The various counties of our State are now preparing their budgets for the coming year; and

WHEREAS, All the industries of the State of Arizona are curtailing expenses and cutting down costs of operation in order to meet the tremendous depreciation in values; and

WHEREAS, It is absolutely necessary that the taxes against our property be materially reduced in order to allow us to produce cheaper products;

THEREFORE BE IT RESOLVED, By the Arizona Cattle Growers' Association and the Arizona Wool Growers' Association in joint convention assembled at Flagstaff, Arizona, July 8th and 9th, 1921, that each member here present upon his return appear before the Board of Supervisors of his County and urge all possible economies in the proposed expenditures for the coming year, and especially urge that all those expenditures not immediately necessary be deferred until our industry can recover from the present depression;

BE IT FURTHER RESOLVED, That the Secretaries of the two Associations here assembled communicate with members of the Associations not present at this meeting, urging that they give their attention to securing all possible reductions in the budget of their various counties; and

BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Boards of Supervisors of each County in the State.

The Arizona Cattle and Wool Growers' Association Present Resolution Demanding Reduced Expenditures

The cattle growers and wool growers of Arizona are drilled to hardships. The very nature of their business is a school in which hardships predominate. As individuals they tackle the problems of life just as they tackle the problems of the range. Unflinchingly, without murmur, single-handed and with never-failing determination the cattlemen and

sheepmen of the past contributed more than their share to making possible what Arizona is today. The livestock growers of today are business men and as such have their organizations and discuss, just as organizations of other business men discuss, the questions of the hour which materially affect their individual and collective interest.

Semi-Annual Financial Report of State Land Department

The semi-annual report of the State Land Commissioner which has been filed with the governor, gives in detail the exact amounts received from every source of income to the department, and a very complete itemization of every expense connected with its operations. The entire report is too voluminous to print in full. Our readers will get an idea of what is being done in that department towards producing permanent school and institutional funds, as well as producing funds in the way of rents from lands, interest upon sales contracts on state lands sold, and interest upon loans from money received on principal amounts paid upon sales of lands, by the recapitulation of the report which appears in the following:

RECAPITULATION OF RECEIPTS OF STATE LAND OFFICE For First Six Months

Fees—General Fund	\$ 7,360.87
Sale of Land—School Land—Prin.	62,208.60
Sales Interest, School Land	44,563.73
Sales Delinquent Interest, School Land	495.90
Sales of Improvements, School Land	3,626.48
Sales of Products, School Land	338.37
Rentals, School Land	80,351.58
Delinquent Rental Interest, School Land	520.87
Delinquent Rental Penalty, School Land	786.07
Fees-Classification & Apportionment	1,909.99
Sale of Lands-Inst. Lds. (Princ. only)	17,498.45
Sales-Interest	20,969.87
Sales-Delinquent Interest	411.83
Rentals-Institutional Lands	21,857.27
Delinquent Rental Interest	183.93
Delinquent Rental Penalty	250.29
Sale of Products-University Lands	15.50
Rentals	1,117.65
Delinquent Rental Interest	6.06
Delinquent Rental Penalty	3.32
	\$264,476.63

From the report it appears that \$62,208.60 has been received during the past six months, and will become a part of the permanent school fund of the state, the interest upon which, when loaned goes to the current support of the common schools.

The report shows that various state institutions, such as the prison, industrial school, pioneers' home and incidentally the university and normal schools, have had the sum of \$17,498.45 added to the permanent funds the income from which will go to their current support.

The funds referred to above will play

their part in the future support of the schools and state institutions, to be benefited by school land, university, and enabling act grants of lands to Arizona by the United States. The item of \$80,351.58 will be of immediate benefit to current school funds, as immediately available for maintenance of schools; the item of \$44,563.73 will be of like immediate benefit to schools. The two items will add approximately \$125,000.00 to the state common school fund of the present fiscal year. This amount will be increased by the receipts for the remaining six months of the current year.

Other institutions will have the benefit of the two items of interest on sales amounting to \$20,969.87, and the item of rentals from institutional lands amounting to \$21,857.27. A total of over \$42,000.00 to be added to amounts available for support of those institu-

tions for present fiscal year.

There are minor items of "penalties," "delinquent rental interest," and "interest on delinquent interest," which increase the respective totals given above.

The matter of "oil leases" is included in above figures of "rents." The value of state lands is being increased by irrigation projects, pumping plant systems, and combinations of both in reclaiming lands. Arizona can look forward to the time when its state land grants and the funds derived therefrom, if providently invested in interest bearing securities, will come to a point of more nearly supporting several of its institutions than at present. Under present conditions, every dollar of current support afforded from above sources, is, or should be just one dollar less for taxpayers to meet by payment of direct taxes. It all helps.

A Demand for Economy in Public Expenditures is a Universal One from all Classes and from the Masses

This Magazine has always talked "economy". It has never believed that the power to tax should be used to the extent of destroying the taxpayers' ability to pay any taxes at all, even though the power to tax in Arizona may extend to a power, which if abused, might amount to actual confiscation of the taxpayers' property. The time to talk and talk more than ever about economy is apparently at hand. The tax rates of state, county, cities, school districts and other municipal organizations with power to tax, when coupled with income and other taxes paid to the Federal Government, while not yet large enough to confiscate the property of this state which is the basic foundation upon which taxes are levied and collected, but those joint tax rates of all kinds, for all purposes, and for all public support demanded and met by direct taxes, are in the aggregate so alarmingly large as to very nearly confiscate the net income from property upon which the taxes are levied, or from which income taxes are directly taken as a means of revenue.

All Classes Demanding Reduced Taxes Through Lowered Assessments of Particular Classifications of Property

When mass meetings of taxpayers who are owners of particular classes of property are called and lowered assess-

ments demanded as connected with their particular class of taxable property. When mass meetings in all quarters of the state reported in the state press all held for a common purpose. With associations at meetings in annual convention, discussing and giving precedent consideration of the subject of high assessment value and constantly increased and still increased tax rates. With all these evidences of a general demand for relief from taxes, the Magazine feels that it cannot say too much upon the subject.

Public at Large Also Demanding Economy in Public Expenditures

Many times in the past, it has been felt that the continuous demand for economy made in these columns, might not be a demand which touched a responsive chord in the voice of real public opinion. Bond issues have been voted at times when the purposes for which the money from issues may have been purposes which could have been postponed until more opportune times connected with general financial conditions. It has often been the opinion of this Magazine that exhausting public credit by bond issues for money to be expended for improvements was no wise. Many times it has kept silent in the face of what seemed to be prevailing public sentiment, that the public de-

ired, demanded and were voting for
 ust what the public wanted regardless
 f the conditions surrounding the satis-
 action of those seeming desires and de-
 mands.

**Extreme Limit of Expenditure Reached
 Public Demands a Lessening of Pace
 in Activities Requiring New Money**

It now appears that same public has
 realized that an extreme point has been
 reached. That public now realizes that
 it cannot continue the pace which it has
 been led to follow in the past. Its finan-
 cial ability has been strained almost to
 the breaking point in its efforts to go
 forward at undiminished speed in pub-
 lic expenditure regardless of conse-
 quences upon tax rates. That same pub-
 lic now speaks for economy when it
 speaks through classes of taxpayers and
 demands reduction in assessed valua-
 tions of the property of each particular
 class so speaking and so demanding.

**Reduction of Assessment Values Will
 Not Reduce Taxation as an
 Aggregate Proposition**

Reducing of assessed valuations of
 one class of property will not accomplish
 what the public really desires. Reduc-
 ing the assessed valuation of one class
 of property simply throws a larger bur-
 den upon other classes of property the
 assessed valuation of which remains un-
 changed. Assessed values should be

arrived at upon as near a basis of equal-
 ity of value as may be possible as con-
 nected with property of different kinds,
 different classes and other differing
 characteristics of each class of proper-
 ty to be taxed. The present condition
 of affairs does not demand radical
 changes in the methods of arriving at
 values of property. That condition of
 affairs simply demands the application
 of well established rules for use in ar-
 riving at values, to an adjustment of tax-
 assessment values to meet changes which
 have directly affected the real cash
 value of all classes of property.

The present situation is one the solu-
 tion of which lies in dealing with the ag-
 gregates of money to be raised by taxa-
 tion rather than attempting a solution
 which will deal solely with a reduction
 of assessed valuations to different classi-
 fications of the property taxed. Leave
 assessed value alone. Reduce the amount
 of proposed expenditures for public pur-
 poses, and by so doing actually reduce
 the amount of taxes levied and collected,
 and the matter of reduced taxation
 solves itself with equality among all tax-
 payers, and with actually lessened tax
 burdens to the public both collectively
 and as individual taxpayers, regardless
 of the class of property actually taxed.

**Eliminate Every Possible Item From Bud-
 gets and Taxes Will Be Reduced**

This Magazine has many times re-

futed the idea that tax rates whether
 high or low determined anything at all
 as to the real question of interest to the
 taxpayer. That real question is the final
 amount which is placed against his name
 and his property upon the tax-roll. Deal
 with that amount direct. That amount
 can be directly dealt with in no manner
 so quickly and in no manner so success-
 fully than by going through the entire
 list of items proposed and purposes
 which when grouped in their aggregate
 of purposes and aggregate of final
 amount to be placed upon the rolls, and
 with that inspection, reject such items,
 and reject such amounts as there appear,
 and which have no real basis for neces-
 sity connected with such presence there-
 in.

The foregoing is just what the public
 of this state is aiming at when demand-
 ing less taxation. That real demand is
 simply no more and no less than an ap-
 plication of strict economy all along the
 line, and along every line of action con-
 nected with public expenditures, until
 with that application the tax burden is
 actually reduced until it reached an
 amount not excessively burdensome to
 any class of taxpayers, or to any indivi-
 dual taxpayer whomsoever, regardless
 of the value at which his property ap-
 pears upon the rolls.

Strike at the root of the evil. Econo-
 mize and lessen taxburdens.

FOR THE SUPPORT OF THE UNIVERSITY

The 1921 legislature made a complete
 change as between prior laws affecting
 its policy relating to appropriations for
 "University of Arizona," its support,
 maintenance and improvement, as com-
 pared with former laws. In former
 years the general appropriation bill
 fixed the amounts to be expended for
 new buildings, for improvements of old
 buildings and properties of the univer-
 sity, and appropriated an amount under
 the head of maintenance for the univer-
 sity itself, and for each branch to cover
 operating and maintenance expenses in
 the conduct of the University, with its
 allied and connected branches of activi-
 ties, specifying amounts to be used
 for each purpose, and the old policy did
 limit to some extent the purposes to be
 covered, and the amounts to be devoted
 to each. Changing this policy the 1921
 legislature passed the following provi-
 sion:

**New Policy is a Blanket Appropriation
 to University to be Expended En-
 tirely Subject to Discretion of
 Board of Regents**

"There is hereby created a fund to

be known as the university fund. . . .
 For the purpose of raising money for the
 fund there is hereby annually levied an
 annual tax of one mill on the dollar upon
 the assessed valuation of all taxable
 property within the state of Arizona for
 the fiscal year ending June 30, 1922, and
 an annual tax of one and three-tenths
 mills on the dollar upon the assessed
 valuation of all taxable property within
 the state of Arizona for the fiscal year
 ending June 30, 1923; and each fiscal
 year thereafter there is hereby levied
 a continuing annual tax of one mill on
 the dollar upon the assessed valuation of
 all taxable property within the state of
 Arizona. . . . All proceeds of such
 levies shall be credited by the State
 Treasurer to the University Fund and
 shall be available immediately without
 further appropriation, for the purpose
 of such fund as provided by law. . . .
 All sums of money produced by said
 taxes and placed in said fund are hereby
 appropriated to the University of Ari-
 zona for the support, maintenance, and
 improvement thereof, including the pay-
 ment of salaries, current expenses, pur-

chases of equipment, making necessary
 repairs, construction of new buildings,
 purchase of lands and in general for the
 payment of all such expenses connected
 with the management of said institution
 as the Board of Regents thereof may
 from time to time determine, and the
 same shall constitute a continuing ap-
 propriation, and any amount remaining
 to the credit of said fund at the close of
 any fiscal year shall be carried over and
 credited to such fund for the succeeding
 year, and any claims otherwise payable
 from said fund, when duly approved,
 shall be paid therefrom regardless of
 the time when they were incurred."

The above innovation by the last legis-
 lature places the Arizona University
 where its affairs are managed and to be
 managed solely under the direction of
 the Board of Regents. It has all the
 power which the legislature can vest in
 one department. The one mill tax on the
 basis of the valuation of property on
 the 1920 tax rolls will produce \$884,-
 000.00, assuming a like taxroll amount
 for 1921 rolls. This amount is not the
 entire amount placed in the hands of the

board of regents for use towards the support and maintenance of that educational institution. Under the law under which the university was organized, and which still remains as law is the provision as follows:

"For the support of said university, in addition to the provisions heretofore made, there shall be, and is hereby appropriated the proceeds from the sale of all lands that have or may be hereafter granted by the United States to the state for university purposes, or all moneys granted by the same for like purposes, and the proceeds of all lands, money or other property, given by individuals, or appropriated by the state for the like purpose, which shall be and remain a perpetual fund, the interest and income from which, together with the rents of such lands as may remain unsold, shall be inviolably appropriated and annually applied to the specific object of the original gift, grant or appropriation; and no such money, property or proceeds shall under any pretense be applied, used or loaned for any other uses or purposes whatsoever."

Additional Funds for University from Continuing United States Appropriations, Land Funds and Others

Prior to the "Enabling Act" of 1910, and by an act of date February 18, 1881, Congress granted to each several terri-

tories, including the territory of Arizona, "seventy-two entire sections of the unappropriated public lands within said territories" or approximately 46,000 acres, "for the use and support of a university in each of said territories." The Enabling Act added two hundred thousand acres of public lands to the state funds to be sold and proceeds invested in trust for university purposes.

Congress has also made specific annual appropriations for use of the university. The Morrell fund which is \$50,000.00 per annum; the Smith-Lever fund which increases annually, will amount to \$25,314.40 for fiscal year, 1921-1922, and will amount to \$28,000. for the year, 1922-1923; the Federal extension fund will amount to \$6,381.00 for each of the last named fiscal years; the Adams fund amounts to \$15,000.00 per annum. The total of these appropriations from the United States will be \$111,695.40, and \$114,381.00 for each of the two years of the present bi-ennial period. The state by special appropriations, contained in acts which are "continuing," matches the foregoing donations from Congress with state raised tax-funds, excepting the "Morrell fund." The result is that some \$180,000.00 of tax-raised and donated Federal funds, are to be added to the "mill tax" under the law passed by 1921 legislature as above quoted.

In addition to all of above are "tuition fees" and "admission fees," and "dormitory" fees or earnings. Besides fees

are charged for "assays of minerals." Reports in the budget do not show the amounts of these earnings. The figures referred to in this article are taken from the 1920 State Budget, and are as near accurate as any financial report available to the public touching upon university finances.

Thus the University of Arizona has reached and passed the point where it may be said truthfully that it costs over one million dollars per year to maintain Arizona's university. If there are fourteen hundred students on the average in daily attendance the state's per capita investment amounts to over seven hundred dollars for every student it furnishes the opportunity for an university education at home. A per capita cost that equals if not exceeds that of any similar institution in the United States.

If Arizona gets the results to which she should be entitled from her liberality of support, there can be no doubt that the future of the state will show educational progress, proportionate to the struggles of the people of today to meet the amounts now required. When they meet those demands as they do in addition to all other demands for public support in other lines of education, as well as the demands necessary to be met to meet what may by comparison be called, the demands of the practical side of government within the state of Arizona, the people of today may anticipate a reward for their efforts of today in the results thereof upon the future public of the state.

Annual Conference National Tax Association

The Fourteenth Annual Conference of the National Tax Association will be held at White Mountains, in New Hampshire, September 12-16, 1921, the officers of the association having accepted the invitation of Governor Brown, of that state to meet there.

In connection with the above announcement, the Bulletin of the association gives an outline of the proposed programme of the meeting. One of the new features so announced is a reduction of the number of addresses, and devoting the time of sessions to open discussion of the general topics which are among the purposes of the association.

Among the matters to be brought before the conference is a further report of the committee on "Model System of State and Local Taxation". It is expected of this report that it will, in a measure, "standardize and crystalize thought which has been ineffective because attacking the problem without a compre-

hensive view of all its angles." The matter of a model income tax law; the interstate question of business tax laws; migratory live-stock tax law; the matter of inheritance taxation, both from federal and state views; general tax problems; constitutional questions involved in taxation; problems of municipal taxation for increased revenues; railroad and public utility taxation; forestry taxes; federal taxes; simplification of state government; federal subsidies; land taxation; tax limit laws; review of tax legislation, these are among the subjects mentioned by the Bulletin as being those which will be considered.

The fact that the conference is composed of men from all parts of the United States; business men who pay taxes; officers who make assessment, levy and collect taxes, and public economists who have made special studies of the subjects on above program, and others who are interested in all matters of general pub-

lic interest, will make the work of the conference both interesting to those in attendance and educational in its results to those who are not fortunate to be in attendance, but will have only printed reports of the discussions for their information in the future.

The place of meeting being one of the ideal summer resorts of the east, will give those who do attend an unusual opportunity of combining business with pleasure, and the Bulletin announces that the New Hampshire state officers have planned a very attractive social program, apart from the real business of the conference, and which will not in the least interfere therewith. The forecast is that the fourteenth annual conference of the association will be marked with success, both in number in attendance and in results attained, and will be another of the successes which has been the history of previous meetings.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, AUGUST, 1921

NUMBER EIGHT

FIGURES from compilations made by State Tax Commission, showing the assessed valuation of taxable property and rates which general classes thereof bear to the total taxable property in Arizona, and also showing the percentage proportion of state and county taxes which will be paid by each class for the year 1921:

Telephone and Telegraph Companies.....	\$3,979,039.00	48%
Water Works, Street Railways, Gas and Electric Light and Power Plants	\$9,896,624.00	1.18%
Banks	\$9,945,206.00	1.18%
Motor Vehicles	\$ 1 5 2 8 3 3 0 9 0 0	1.82%
All Other Property	\$19,254,757.00	2.30%
Stocks of Merchandise	\$27,137,930.00	3.24%
Live Stock (Cattle, Sheep, Horses).....	\$33,197,102.00	3.97%
Lands and Improvements	\$94,115,622.00	11.26%
City and Town Lots and Improvements.....	\$98,093,043.00	11.72%
Railroads	\$101,199,300.00	12.10%
Mining Property, including Smelters, Concentrators, etc.	\$424,365,559.00	50.75%
	\$836,467,491.00	100.00%

(Total Assessed Valuations, with Exemptions Deducted, \$830,536,582.00)

EDITORIAL COMMENT

Assessed Valuation of Main Classes of Property in State

On the front page of this issue appears the figures of assessed valuations of the main classes, or classifications, of property as the total have been computed by the State Tax Commission. In that connection the per centage ratio which each class bears to the entire aggregate of such property values, with that aggregate placed at one hundred per cent.

The total valuation so shown and which will be the basis upon which taxes will be collected upon the tax rolls of 1921, is \$836,467,491.00. From this amount there will be deducted such property as remains exempt from taxation, and with that deduction made, there remains \$830,536,582.00 of property to bear the burden of the 1921 taxation. These values are used both for state taxes and county taxes.

The total valuation of property for purposes of taxation upon the rolls of 1920, with exemptions deducted, was \$884,445,682.50. This amount as compared with the \$830,536,582.00 shows a reduction in values of nearly \$54,000,000.00. This reduction is spread over the entire list of property to such an extent that the ratios of percentages of each class remains substantially as in previous year. The Automobile values continue to increase. The \$15,283,309.00 aggregate value of this class of property places it ahead of the aggregates of values for each class of public utilities, except steam railroads; shows also an investment in automobile values of more than is represented by the value of banking property in the state. It is evident the centers of population in Arizona have continued to develop and increase. This assertion is based upon the fact that valuations of "town lots and improvements" increased over five millions of dollars during the past year in the entire state.

In connection with the present shrinkage in values as between the two years, it must be borne in mind that the tax rolls of 1920 were prepared when property values of all kinds were at the highest peak. The inflation in values as the result of war times and war prices was reflected in those values. The valuations upon the 1921 rolls, comes to more nearly a substantial at all times existing value of the property assessed.

It is true that property owners in each class of property made efforts towards a reduction in the valuations of that particular class of property. Did this

for the purpose of reducing the taxes of that particular class of property owners. Unwittingly these persons as a class were indirectly insisting upon action which would increase the taxes of persons owning other classes of property. They were doing what might in another year act as a boomerang. It might be that immediate values of some class of property would temporarily decrease. If that temporary decrease were reflected in the tax rolls, the pendulum of tax values would swing with uncertainty from one class to another, and final tax burdens rest temporarily where the pendulum temporarily pointed. If on the other hand, tax values are fixed with the idea of a more nearly permanent value, an average value of one year as compared to another, in the long run each particular class of property will bear its average proportion of tax burdens.

As repeatedly stated in this Magazine the assessed valuations of property is of minor importance in connection with the question of tax burdens, provided that each class of taxable property is placed upon the rolls at values which neither favor that class nor discriminate against it, as compared with values of other classes. The real problem in connection with taxation is that problem of and involved in the aggregate amount required to meet public expenditures. With all classes of property fairly assessed, one class as compared with another, all classes of property owners must look to a reduction of the aggregate of taxes, for relief from what they deem excessive tax burdens. It is not the rate, not the assessed valuations, but the aggregate of taxes, which must be dealt with to relieve property owners from high taxes. That relief can only be obtained by strict economy, by elimination of unnecessary expenditures, by insisting upon it that efficient methods be applied to every public activity which is connected with any expenditure of public money. In its ultimate effect as to its real value, property is worth no more than its net return in the way of profits. Taxes upon property has a direct effect in reducing that net return when taxes are high and increasing it when taxes are low. Every business man looks to the expense sheet of his business to increase his profits. He looks to leaks in the way of unproductive and unnecessary expenses. He eliminates such ex-

penses where he can. His process of elimination does not extend to producing a stagnating effect upon that business. He aims at such an elimination of unnecessary expense that his business organization may still run with continued efficiency. The problem of the taxpayers who feel that tax expenses should be reduced, is in all respects similar to the problem of an individual business man dealing with the expense sheet of his particular business. The book values of the goods on his shelves does not concern him so much, as he is concerned with that expense sheet. The taxable property of the state must produce the taxes levied upon it. Must produce those taxes regardless of the assessed value thereof. The problem is the business problem of gross income as against fixed expenses, including taxes.

Honorable Epes Randolph

THIS Magazine can add nothing to the well-deserved eulogies of press and public in memory of the Honorable Epes Randolph, lately deceased. It can only express to its readers the particular loss sustained by the State Taxpayers' Association when the hand of Providence beckoned Mr. Randolph.

As an organizing member of the association, and a continued member of its board of trustees, he was at all times firm and insistent to the idea that business principles of economy and efficiency could and should be applied to all public activities involving the expenditure of public money. He abhorred inefficiency and extravagance, both in affairs private and public. His ideas along that line will remain to posterity. The Association will miss and mourn the loss of his wise suggestions as to means by which those ideas may become firmly established in public policy and connected with the administration and conduct of governmental functions.

To the extent that this Magazine may in the future continue to follow the life-time suggestions of Mr. Randolph in its advocating of public economy and public efficiency, and to the extent that its efforts in educating the public as to necessities for both as a means of reducing the burden of public expense may be hereafter successful, it is but a fair tribute to say, that the works of the deceased have lived after him.

A Table Showing Tax Rates For State For Years 1920 and 1921 With Comments

When the taxpayers of this state are called upon to pay a state tax rate of seventy-three cents per hundred levied upon an assessment roll valuation of taxable property of the state of \$830,000,000.00, as compared with a state tax rate of forty-seven and one-half cents per hundred levied upon a valuation of \$884,000,000.00 for the year 1920, and when they see a rate of ".29258" for state general fund as against a rate for that same fund of ".10059" for last year, their first impulse is to assume the difference to be from an increase in current cost of administration in the various offices, departments and institutions of the state. The first impression may be that the expenses have increased to the full amount of the difference between the two rates.

Earlier in statehood and in territorial days, "the general fund" was an expense fund of the state. From it official salaries, expenses and contingencies were paid. Later it has become the practice of legislatures to appropriate certain amounts for certain specific purposes into the general fund, coupled with a designation of a purpose of expenditure which may and may not have anything to do with "current expenses" of state. It is for the purpose of informing our readers as to the exact situation of the question of how much it costs to keep the wheels of state government going as a proposition more or less distinct from the added cost of meeting appropriations for sundry items of, and relating to special activities of the state, improvements and maintenance of state institutions, highways and other matters which require extra funds, that the table which follows is given.

The first general head to the table is "General Fund". Under that head follows a list of the entire budget of items, purposes and amounts, included in and to be provided for in the state tax rate of ".29258", which appears as the first item in the second subdivision of the table under head of "State Tax Levy for 1920 and 1921, and under the particular head and column, "1921".

In going over the items under general head of "General Fund" it will appear that the salaries of officers and assistants remains substantially unchanged as between the two years. The "expense items" as connected with those offices shows increases and decreases as the entire list is gone over. In connection with the Auditor's office a new item amount-

ing to \$25,000.00 for "Classification and Inventory" appears. The purpose of this appropriation is to provide a complete list, inventory and appraisement as to value of all state property.

Going down the list to items which are included under the general fund rate levy, to items outside of official salaries and office expenses, and such items as cost of fifth state legislature, \$75,000.00; two emergency items aggregating \$30,000.00 for bridge construction; deficits aggregating \$135,141.20. **An item of \$40,000 for "natural persons" is really the amount raised to pay interest upon mortgages as to which persons in the Lyman Dam project are in default. An item as to which this Magazine in a previous issue has expressed its views as to the bad policy of attempting such relief, as well as the unconstitutional features of that attempt.** There is an item of \$805,000.00 listed under general fund under specific head of "omnibus bill", "state road tax fund", heretofore all highway funds were carried under specific heads covered by special rate levy. The large amount of interest on registered warrants, and for interest is the result failure in tax collections for causes too well known to require special comment.

There is absent from the list for 1921 several items which appear in 1920 as connected with minor state activities conducted under the supervision of the University management and Board of Regents. The "blanket appropriation of ".10" or ten cents per hundred, rate appearing under the head of "University" in the list of special rate, takes care of and includes all those minor matters, and includes also all other financial propositions connected with the University, salaries, expenses, improvements, maintenance and new buildings, all left to the sole and unlimited discretion of University authorities.

The change in the school law from a specific appropriation for common school purposes to an appropriation based on daily average attendance in schools, increased the rate of taxes for common school fund from ".11963" in 1920, to a rate of ".15113" in 1921.

In anticipation of a continuation of efforts by citizen taxpayers to take a more active interest in the "matter of ways and means" as connected with public activities calling for increased taxation, the tables below will afford a basis for operations connected with such ac-

tivities. When the taxpaying public know where the tax money goes, and know in detail of why it goes to its final destination of expenditure, then and not until then can that public go about a fair revision of existing avenues of expenditure, and in that revision close up such avenues as are not imperatively necessary, or not necessary to such an extent that the tax burdens to provide funds therefor is such a burden "that it hurts" the citizen taxpayer when paying taxes including such amounts. The old adage of "not having your pie and eating it too" applies to many present public activities which have been added from time to time to the more simple activities of government in the past, so applies that it warrants the statement that if the public really insists upon having every public function performed which is now being performed at public expense, if it insists upon this special appropriation for that special purpose as a matter of cost to the public, then it is eating its pie. Or, the public must foot the bills for what it requires of government and governmental activities demanded and required by that public. If the public desires to retrench, if it desires to economize, it must calmly consider the question of what is absolutely indispensable for schools, protection of life and property, the preservation of order, to the end of peace and happiness and prosperity of the people as a public. Those indispensables are governmental necessities, the cost thereof with rules of economy so far as consistent with efficiency applied to that cost is an indispensable public cost and expense. That expense the taxpayers must pay. Beyond that the range of further public activities is to what are more or less governmental "luxuries". As to such luxuries the public may have them or not. Without them governmental costs will decrease, with them it will maintain its present aggregates, with continually increasing costs.

Figures are things which many people do not bother their heads about. But if the public desires to reduce budgets as a means of reducing taxation, figures like those presented in tables below must be studied, and so studied as to be fully understood. Without such study and understanding the individuals of the public cannot act intelligently, nor can they

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ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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Some Glimpses at State Highway Construction and Maintenance

The State Highway Department comes forward with a pamphlet in which is stated some information about the present condition of highway funds, how these funds are encumbered with plans connected with Federal Aid, and the like. As our readers are interested in the question of highways, roads and their cost and maintenance extracts from that pamphlet are quoted below.

"Specifically, of the \$805,000 appropriation in Senate Bill 51, \$609,000 has been expended; \$300,000 being a temporary loan to other projects. Of this \$300,000, \$138,000 has been paid back by Federal Funds received since the adjournment of the Legislature. Practically all of the \$805,000 is either contracted or is being expended by State forces. Most of this sum is tied up with agreements with the Federal Government. The \$60,000 Prison Fund is now being expended at the prison camp. The \$30,000 Wickenburg-Parker Fund is being held for cooler weather and also additional Federal Aid. The \$25,000 Win-

slow-Holbrook fund is likewise being held for matching with Federal Aid. The \$75,000 Apache Trail fund is pledged to Maricopa County Highway Commission if additional Federal Aid can be secured or a surplus found in the Maricopa County project to provide the contingent fund of \$250,000 required by Senate Bill 51. The \$25,000 on the Wilham-Ach Fork road is being expended by two state camps. The \$200,000 on the Superior-Miami highway is being expended by two contractors, one state and one Gila County construction force. The \$50,000 on the Geronimo-Solomonsville highway is being expended by one state camp. The \$100,000 Phoenix-Yuma fund has been contracted on the Phoenix-Glendale road with Federal Aid and when this road is completed this \$100,000 fund will be reused on the Phoenix-Yuma highway by means of an arrangement made with the Maricopa County Highway Commission. The \$75,000 expenditure on the Tucson-Nogales bridges has already resulted in the completion of four bridges, contractors are working on a fifth and plans are being prepared for additional structures. The \$50,000 Ash Fork to Mohave County line road is under construction. The \$25,000 is being expended on the Prescott-Jerome by one contractor and one State camp. The \$100,000 Yuma to Phoenix expenditure is being expended by one state camp, the 900 foot extension of the bridge across the Gila being already completed. The \$40,000 Douglas-Rodeo fund has been expended. Federal Aid has been applied for on the \$40,000 for the construction of the road from Fairbanks to the Santa Cruz County Line.

The 75% funds of the counties stand as follows:

The 75% fund of Cochise county will be necessary in the completion of the Douglas-Rodeo and Benson-Vail highways.

The Gila county 75% fund is pledged on the Superior-Miami highway.

The Maricopa county 75% fund is partly contracted on the Wickenburg Bridge and bids have been requested on the Phoenix-Tempe highway.

The Yavapai 75% fund will be needed to complete the grading and surface the Prescott-Jerome Road.

Bids were recently opened in Apache county which will necessitate the expenditure of their 75% fund.

Maintenance costs will absorb the 75% funds of the other counties of the State, together with the gasoline and automobile license revenues."

Upon the question of maintenance of highways, the pamphlet goes on to say:

"It is one thing to build good roads—it is another to keep them good. Under its Federal Aid agreements, Arizona is pledged to the Federal Government to maintain its highways in first class condition. * * *

"To do this has necessitated the creation of a Maintenance Department of the State Highway Department."

And in that connection it is to be hoped that the efforts at maintenance of highways will not be confined to those which have been built in part with Federal Aid. Without quoting in detail the full plans of the Department as to maintenance of highways, it is sufficient to say that it has created a maintenance department—an organization of twenty crews with automobile trucks arranged for sleeping and eating accommodations and other trucks for handling equipment to be used in repairs. It is stated that each of these crews will consist of from four to ten men.

As stated above, the idea of giving some attention and devoting some funds to the maintenance of existing highways is an idea which will undoubtedly meet with general approval on the part of the traveling public. While living in hopes to some day enjoy the benefits of the many paving projects under way or in view in connection with highways of the State and several counties, the public is traveling today and will be tomorrow, and a great many of the old desert trails are found to be passable, except in spots, and with a more or less repeated attention in the way of temporary repairs to those particular spots, these desert trails could be kept in condition for travel.

With Public Hearings in Advance of Adopting Budgets for State Expenditures, the People Would Control Aggregate of Tax Levy

It is a more or less daring accusation to make, when the people are accused of being "too slow." But it would seem that no lesser statement, nor milder words will fit the case which this article has in view. The particular matter of numerous public meetings, of numerous resolutions and numbers of committees,

all held, all resolved and all appointed with the one purpose of escaping the results of legislative appropriations, the aggregate of which appalls the general public when that aggregate is reflected in state, county, city and town tax rates. The public during the past month, has

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A TABLE SHOWING TAX RATES FOR STATE FOR YEARS 1920 AND 1921; WITH COMMENTS

(Continued from Page Three)

act effectively in efforts to get the cost

of government back to normal amounts. Heretofore it has been a matter of "everybody's business, nobody's business" so far as public activities and their cost has been concerned. The Magazine believes that the Arizona public really

mean to make it their business to reduce public expenditures. With that belief this Magazine will continue to present figures, items and such details as it may be able to do, as the basis for the individual study necessary to the desired ends.

GENERAL FUND

Name of Appropriation	Amount	Name of Appropriation	Amount
	1920		1921
AGRICULTURAL & HORTICULTURAL COMMISSION:			
Contingent	\$ 31,675.00	Clerical Assistance	6,500.00
Seed Testing		Contingent Expense	6,000.00
Automobile Expense	1,000.00	Automobile Expense	3,600.00
ARIZONA CORPORATION COMMISSION:		Expense Annual Conference	500.00
Salaries, Members	9,000.00	Publications of Proclamations	1,000.00
Contingent	40,120.00	Executive Budget	5,000.00
ARIZONA PIONEERS' HISTORICAL SOCIETY	1,325.00		
ARIZONA RESOURCES BOARD:	10,000.00	HIGH SCHOOLS & NORMAL SCHOOLS:	
ATTORNEY GENERAL'S DEPARTMENT:		To Encourage Vocational Pursuits	70,000.00*
Salary, Attorney General	4,000.00		81,498.45*
Salary, Asst. Atty. General	2,500.00	IMMIGRATION COMMISSIONER:	
Additional Counsel	2,500.00	Salary, Commissioner	1,000.00
Salary, Law Clerk	1,800.00	General Expense	5,000.00
Salaries, Stenographers	2,700.00	INSPECTOR OF WEIGHTS & MEASURES:	
Salary, Special Assistant		Salary, Inspector	2,000.00
Office Expense	1,000.00	Contingent	1,200.00
Contingent, Federal Lit.		Salary of Clerk	1,200.00
Traveling Expense	1,800.00	Office & Traveling Expense	1,500.00
Extraordinary Expense	2,000.00	LAW & LEGISLATIVE REFERENCE LIBRARIAN:	
Contingent Expense	7,200.00	Salary, Librarian	2,700.00
AUDITOR'S DEPARTMENT:		Salary, Asst. Librarian	1,800.00
Salary, Auditor	3,000.00	Salary, Stenographer	1,200.00
Salary, Deputy Auditor	2,700.00	Nat'l Com. Uniform Laws	150.00
Salary, Bookkeeper	2,400.00	LIVE STOCK SANITARY BOARD:	
Salary, Chief Warrant Registrar	1,800.00	Salary, Secretary	2,400.00
Necessary Warrant Registrars	4,500.00	Clerical Assistance	5,400.00
Salary, Stenographer	1,500.00	Contingent	3,000.00
Contingent Expense	2,000.00	Per Diem & Mileage of Members	1,000.00
Classification & Inventory		Brand Books	1,500.00
Salary, Bank Examiner	3,000.00	Salary, Recording Clerk	1,800.00
Salary, Asst. Bank Examiner	2,400.00	Salary, Bookkeeper	1,800.00
Two Field Assistants		Salary, Stenographer	1,500.00
Clerical Assistance, Bank Dept.	2,100.00	Office & Traveling Expense	2,625.00
Contingent Expense		NORMAL & HIGH SCHOOL CADET COMMISSION	
Office Expense, Banking Dept.	1,000.00		31,000.00
Traveling Expense, Banking Dept.	4,000.00	NORTHERN ARIZONA FAIR:	5,000.00
ASYLUM FOR THE INSANE:		PREMIUM ON BONDS OF STATE OFFICIALS	550.00*
Salary for Resident Physician	3,000.00	PRINTING REPORTS OF STATE OFFICIALS	10,000.00*
BOARD OF BAR EXAMINERS:		PRINTING REPORTS OF SUPREME COURT	750.00*
Per Diem and Expense	500.00*	PIONEERS' HOME:	
BOARD OF DENTAL EXAMINERS:		Salary of Superintendent	2,000.00
Per Diem and Expense	1,500.00	Maintenance of Automobile	1,000.00
BOARD OF DIRECTORS:		PRISON:	
Salary, Secretary	4,800.00	Salary of Superintendent	3,000.00
Salary, Purchasing Agent	4,800.00	Salary of Asst. Superintendent	2,000.00
Contingent	25,000.00	Salary of Secretary	2,000.00
BOARD OF PARDONS & PAROLES:		Salary of Physician	2,000.00
Per Diem and Expense	1,000.00*	Salary of Parole Clerk	2,000.00
CAPITOL BUILDINGS & GROUNDS:		STATE INDUSTRIAL SCHOOL:	
Equipment		Salary of Superintendent	3,000.00
Repairs, Replacement, etc.		Salary of Assistant Superintendent	1,800.00
Operating Expense		SECRETARY OF STATE:	
Maintenance & Improvement	30,000.00	Salary, Secretary	3,500.00
CO-OPERATION WITH U. S. BIOLOGICAL SURVEY	50,000.00	Salary, Assistant Secretary	3,000.00
COUNTY FAIR ASSISTANCE:	14,000.00	Salary, Cashier Motor Dept.	2,000.00
COUNTY SCHOLARSHIPS:	7,000.00	Salary, Rate Clerk	1,800.00
COURT COMMISSIONERS:	100.00*	Salaries, Stenographers	3,000.00
DAIRY COMMISSIONER:	10,350.00	Contingent Expense	2,500.00
EDUCATION OF DEAF, DUMB AND BLIND:		Publication of Session Laws, 1921	4,000.00
Board of Education	5,000.00*	Publishing Arizona Reports	1,000.00
University of Arizona	31,550.00	Motor Vehicle Department	12,500.00
GOVERNOR'S DEPARTMENT:		Initiative & Referendum	7,000.00
Salary, Governor	6,500.00	Contingent Expense & Printing Constitution	2,500.00
Salary, Secretary	3,000.00	Additional Clerical Assistance	1,000.00
		SHEEP SANITARY COMMISSION:	
		Contingent Expense	4,500.00
		STATE ENGINEER:	
		Salary, Engineer	3,000.00
		Travel Expense	2,500.00

(Continued on Page Six)

Name of Appropriation	Amount		Name of Appropriation	Amount	
	1920	1921		1920	1921
STATE EXAMINER:			TEMPE BRIDGE (Emergency)	20,000.00	
Salary, Examiner	2,500.00	2,500.00	AGUA FRIA BRIDGE (Emergency)	10,000.00	
Salary, Deputy Examiner	2,100.00	2,100.00	FIFTH STATE LEGISLATURE	75,000.00*	
* Clerical & Contingent		4,400.00			
Traveling Expense of Examiner	1,600.00		SPECIAL APPROPRIATIONS		
Traveling Expense of Deputy Examiner	1,600.00		CAVE CREEK FLOOD CONTROL		50,000.00
Contingent Expense	1,200.00		COLORADO RIVER		25,000.00
STATE GAME WARDEN:			DEFICITS:		
Salary, Warden	1,800.00	2,400.00	Asylum Maintenance		27,766.85
Salary, Office Deputy	1,200.00	1,800.00	Interest Fund		103,275.03
Travel Expense	1,000.00	1,000.00	Pioneers Home—Mtc.		4,109.32
STATE HISTORIAN:			MORMAN BATTALION		2,500.00
Salary, Historian	2,400.00	2,400.00	NATURAL PERSONS—APACHE		40,000.00
Contingent	7,000.00	3,500.00	NORTHERN ARIZONA NORMAL SCHOOL:		
STATE LABORATORY:			Additional Mtc. Appropriation		20,000.00
Equipment		350.00	PAINTING PORTRAITS		800.00
Salary, Director	1,800.00	3,000.00	PIONEERS' HOME:		
General Expense	2,700.00	1,500.00	Additional Mtc. Appropriation		6,328.00
STATE LAND DEPARTMENT:			SECRETARY OF STATE:		
Salaries and Maintenance	55,250.00	47,550.00	Publication of Session Laws "Extra"		3,500.00
Water for Dry Farmers	10,000.00		STATE ROAD FUND (Omnibus)		805,000.00
STATE MINE INSPECTOR:			TEMPE NORMAL SCHOOL:		
Purchase of Automobile		1,500.00	Additional Mtc. Appropriation		20,000.00
Salary, Mine Inspector	3,000.00	3,000.00	UNIVERSITY OF ARIZONA:		
Salaries of Three Deputies	7,200.00	7,200.00	Additional Mtc. Appropriation		75,000.00
Salary, Clerk		1,800.00			
Contingent		5,350.00	EMERGENCY APPROPRIATIONS FOR MAINTENANCE OF VARIOUS		
Office Expense	1,800.00		STATE DEPARTMENTS FOR FISCAL YEAR ENDING JUNE 30, 1921		
Travel Expense, Inspector & Deputies ..	5,600.00		ARIZONA AGRICULTURAL & HORTICUL-		
STATE TAX COMMISSION:			TURAL COMMISSION		17,000.00
Salaries, Commissioners	9,000.00	9,000.00	AUDITOR'S DEPARTMENT		600.00
Salary, Secretary	2,700.00	2,700.00	IMMIGRATION COMMISSIONER		5,750.00
Office Assistance		7,000.00	SECRETARY OF STATE		5,000.00
Contingent Expense	12,000.00*	10,000.00	STATE ENGINEER		903.22
Board of Equalization	1,200.00*	1,200.00	STATE MINE INSPECTOR		300.00
Office Expense	1,500.00*				
Traveling Expense	1,200.00*		RELIEF BILLS		
STATE TREASURER:			ARIZONA STATE PRESS		14.79
Salary, Treasurer	3,000.00	3,000.00	AUBREY INVESTMENT CO.		12,500.00
Salary, Deputy Treasurer	2,700.00	2,700.00	BARROWS FURNITURE CO.		121.00
Clerical Assistance	3,000.00	4,000.00	BASHFORD-BURMISTER CO.		409.76
Office Expense	1,000.00	1,250.00	PENSON, PEDER		1,075.80
STATE VETERINARIAN:			BROWN, LOUIS R.		153.60
Salary, Veterinarian	1,800.00	1,800.00	CHRISTY, SHIRLEY, Et Al.		2,937.50
Traveling Expense	2,400.00*	2,000.00	DUNBAR'S WEEKLY		576.00
Contingent Expense	1,500.00	1,500.00	FOWLER, R. C.		67.30
STATE WATER FUND:	15,000.00	23,600.00	HUNTINGTON, GORDON		1,014.00
SUPERINTENDENT OF PUBLIC HEALTH:			LANGDELL, RAY		1,014.00
Salary, Superintendent	1,000.00	1,000.00	LYMAN, J. B., Jr.		2,500.00
Salary, Registrar of Vital Statistics ..	1,000.00	1,000.00	MATTESSON, L. EARL		284.20
Clerical Assistance	3,000.00	4,000.00	MILLER, E. A.		120.94
Contingent Expense		4,250.00	ROSEBERRY, HENRY		853.00
Tuberculosis & Child Welfare Work	5,000.00	10,000.00	SHARP, CLAUDE		5,000.00
Publicity Work	2,200.00	2,000.00	STEINFELD, ALBERT		87.00
Mileage	2,400.00*	2,400.00*	TOVIN & COMPANY		72.50
Office Expense	2,000.00		INTEREST ON REGISTERED WARRANTS	25,000.00	120,000.00
Veneral Disease Work	2,250.00		INTEREST ON ST. LOUIS EXPOSITION		
Rural Sanitation	2,250.00		BONDS	1,500.00	1,500.00
Public Health Lecture	1,000.00		TOTAL AMOUNT OF GENERAL FUND APPROPRIATIONS		2,291,127.26
SUPERINTENDENT OF PUBLIC INSTRUCTION:			General Fund Deficit as of June 30, 1921		
Salary, Superintendent	3,000.00	3,000.00	(Ledger Balance)		406,514.19
SUPERIOR COURT JUDGES:			Unexpended Balances Carried Forward		726,448.60
Salaries, Judges	28,925.00	33,550.00			\$1,132,962.79
Expense while acting as Supreme Judge ..	250.00*	250.00*	Less 1921 Appropriation paid prior to July 1, 1921		709,936.81
SUPREME COURT:					
Salaries, Judges	15,000.00	15,000.00	Actual Deficit in General Fund as of June 30, 1921		423,025.98
Salary, Clerk	2,700.00	2,700.00			
Salaries, Stenographers	5,000.00	6,300.00	TOTAL AMOUNT OF GENERAL FUND BUDGET		\$2,714,153.24
Salary, Reporter	1,200.00	1,200.00	Less Estimated Revenue Receivable from sources		
Contingent Expense	1,000.00	1,000.00	Other Than Taxes for the Fiscal year		
Equipment		1,500.00	Ending June 30th, 1922		289,997.84
Salary of Bailiff	1,200.00				
VOCATIONAL EDUCATION:			NET AMOUNT OF GENERAL FUND APPROPRIATIONS TO BE RAISED BY DIRECT TAX LEVY		\$2,474,155.90
Salaries & Expense	7,100.00	7,500.00			\$2,424,155.90
Smith-Hughes Act	361,339.00	20,000.00			
Rehabilitation		5,000.00			
FOURTH STATE LEGISLATURE	2,700.00				

*Estimated.

(Continued on Page Seven)

State Tax Rate For 1920 and 1921

Funds:	1920	1921		
	Per \$100.00			
General (1921 rate includes all items above listed under that year)	\$0.10059	\$0.29258	Prison, Capital Investment	.00121
Agricultural Extension Work		.00181	Prison, Improvement and Repair	.00396
Animal Industry		.00090	Prison, Operation	.01640
Asylum for the Insane, Improvement and Repair	.00237*	.00181	School	.11963
Asylum for the Insane, Operation	.01357	.01507	State Road Tax	.10679
Board of Education, Blind Children Under School Age		.00030	State Road Tax, Prison	.00723
Child Welfare		.00361	Tempe Normal School, Capital Investment	.00422
Fair Commission, Maintenance		.01056	Tempe Normal School, Gas	.00096
Fair Commission, Repair	.00946*	.00241	Tempe Normal School, Operation	.02110*
Free Employment Office	.00028	.00030	University	.05137*
Industrial School, Improvement & Repair		.00060	Stream Gauging	.00036
Industrial School, Operation	.00554*	.00602	Yuma Highway	.00361
Land Settlement Commission		.00602	Asylum for the Insane, Interest	.00011
Northern Arizona Normal School Capital Investment		.00446	Capitol Building, Interest	.00043
Northern Arizona Normal School Improvement and Repair	.00062	.00074	Interest of State Funded Debt	.00363
Northern Arizona Normal School, Operation	.01193	.01663	Redemption Fund, State Funded Debt	.00294
Pioneers' Home, Operation		.00482	Redemption Fund, St. Louis Exposition Bonds	.00028
Pioneers' Home, Improvement and Repair	.00691*	.00048	Redemption Fund, U. of A. Bonds	.00030
			University of Arizona, Interest, 1901	.00014
			University of Arizona, Interest, 1903	.00006
			*Total of several levies.	.47500
				.73000

WITH PUBLIC HEARINGS IN ADVANCE OF ADOPTING BUDGETS FOR STATE EXPENDITURES, THE PEOPLE WOULD CONTROL AGGREGATE OF TAX LEVIES

(Continued from Page Four)

been aroused more in connection with the question of public finances than ever before since statehood. The consensus of public opinion has been brought to the point that too much money is being expended for public activities. It has taken nine years of continued increase in the amount of the budget for state purposes, of continued increase in the amount of county expenditures, and in the amounts raised and expended by towns and cities, to get the public thoroughly alive to what has been going on. In fact, it is when the state budget to be met by taxation has been increased from an amount of less than one million dollars for the fiscal year 1912-1913, to an amount of over six millions for the fiscal year, 1921-1922, that the general public becomes concerned over the question of ways and means to meet that six-fold increased budget. But as stated in the heading of this article the public got started too late in the trend of affairs, to be able to effectively reduce the amount.

The Aggregate of Appropriations Becomes Known After Laws Are Passed

The legislature made appropriations. It followed the time worn policy of an eleventh hour passage of the general appropriation bill, of the "omnibus highway bill", of special appropriation bills, and run through the legislative hopper as the final grist of the session many of the most important, so far as amount appropriated went, bills of the

session. It was impossible for the public to keep pace with what was going on. Members of the legislatures are undoubtedly surprised at the results of the work done, when the aggregate of appropriations is brought home to them for a more calm consideration, with more careful computations of the aggregate of it all as appropriations reflected in a six million amount to be raised by tax levy for state purposes of the ensuing year. During the session of the legislature there was present the same pressure from individual departments, individual offices, individual institutions, brought to bear upon that legislature for appropriations, increased amounts for each such department, office and institution. There was an increase in the number of projects, opened by tentative Federal appropriations, to be matched by similar state appropriations, and which were so matched in many instances for no other reason and without further consideration as to merits or demerits of the purpose for which money was to be used, other than the fact that the state would have a certain amount to expend from Federal money, if it raised a similar amount of state funds.

Administrative Officers Must Apply Laws As they Find Them and Cannot Evade Nor Repeal Appropriations

What is said above is so said for the sole purpose of illustrating the continuous trend of events which each bi-ennial period, with each successive legislature, which has to some extent influenced the results. Those results which being now present in the shape of a six million dollar state budget to be met by the taxpayers of the state, has aroused them to action, even though the time when that action was taken, was too late to change

the inevitable. That inevitable result being that when the legislature has said that a certain amount shall be expended for a certain purpose, and a tax rate sufficient to raise shall be levied upon the taxable property of the state, there remains no course open to executive and administrative officers, other than the course of fixing a rate of taxes sufficient to raise those amounts, cause those rates to be levied and collected from the taxpayers and their property.

The time for the taxpayers to have asserted themselves was before the amount of appropriations had finally become fixed by law, so far as any effect upon state tax rates would result from such efforts.

The time for taxpayers to have exerted themselves was before the annual estimates of expenditures for county, city and town purposes were finally adopted, so far as any effect of such efforts would reflect itself of the amount of county, city and town taxes.

The time when taxpayers should have exerted themselves was either before or during the legislative session. Undoubtedly if the same public meetings had been assembled during the legislative session as were held during the past month; if the same resolutions had been adopted as were adopted, with the same committees of representative citizens been appointed as were appointed. All this may have had some effect upon legislative action in the matter of appropriations. It is doubtful whether even these meetings, resolutions and committees would have affected a systematic, thorough and properly graduated adjustment of appropriations, and would have resulted in desired economy, with remaining efficiency in public activities. It is unnecessary to pass judgment upon the matter of how effective public meet-

ings of similar purpose and for like reasons connected with tax reduction, may be in the future. It goes without saying that if the public continue to be controlled by the same ideas of the imperative necessity of reducing public expenditures, that public will eventually work out a plan which will be effective. Having set to work, the public of Arizona never fail to accomplish its purpose. The question which remains open for consideration is that of manner and means to the desired end. In other words what will be a systematic remedy for control of public expenditures, that total expenditures be kept within bounds of economy, with efficiency in all necessary activities preserved.

Budgets Adopted After Public Hearings Remedy Suggested

That question of effective remedy is not a new one. Many remedies have been tried, several have been found deficient in results. Some of the keenest students of the subject have projected the budget idea as the most feasible and the best solution of the problems referred to in this article. The Magazine has repeatedly presented phases of the "budget system" to its readers. There remain several features as to which but little has been said. One of those features is the preparation of a budget of proposed expenditures for a given period; the submission of that proposed budget to the criticism and suggestion of public hearings, "where the people may be heard", not only upon each proposed expenditure for each and every public activity requiring expenditure, but heard also upon the important point of aggregate of all expenditures proposed as necessary for all public activities.

It goes without saying that whoever might act in an official relation to a budget after such public hearings and public discussions, and act contrary to the expressions of the public, would be committing public suicide so far as future public position would go. If the mass meetings, the impromptu organizations of taxpayers, and their respective resolutions directed towards reducing public expenditures had been held in connection with the appropriations for which tax levies are now being made, and so held prior to the making of such appropriations, the demands thereof would have been heeded. More than that, had such a feature of public hearing as to proposed expenditures, been a part of the financial system of this state, those demands of the public for a reduction in public expenditure could have been acted upon and answered by acquiescence therein. Still more than all that, the general public would have been

fully informed of the real reasons for suspending action, delaying action, and even abolishing certain lines of activities, if all or any thereof was necessary to relieve a temporary financial condition of the people of the state. When that public was so convinced then with the same fairmindedness which an informed public always displays, it would be satisfied.

During the past month it flashed upon the people of this state, that the amount of public expenditure to be met by taxation would be an almost unbearable burden upon the public at the present time. The public were almost unanimous in its efforts to avert the results of existing appropriations in the tax rate necessary, to raise those appropriations. With such a feature of a perfected budget system as above referred to, among the features of the Revenue laws of Arizona, the same public, under similar conditions which have existed for the past year, could have expressed its desires, could have insisted upon those desires being granted, and would not have been futile in its efforts towards public economy during period of financial depression.

Certainly, with the lesson of the present helplessness of the public to protect itself under existing laws and order of doing things, vividly in mind, the first thing to be considered by the public is that of so arranging things for its future protection that its future demands cannot be denied.

As a general proposition, the budget feature of which mention is made above, is only a means of informing the public before, rather than too late afterwards, just how much money the members of that public will be called upon to contribute in taxes for support of government, state, county, city, town and even school district governments. That budget feature gives the public an opportunity to fix the maximum limit as to each and every proposed subject of public expense and public expenditure. It would enable the people to say and say finally and conclusively, that public activities conducted with the sanction of the people, must be conducted within the prescribed limits as fixed by the people itself, a limit not to be disregarded thereafter by any administrative officer, whose ideas of the importance of the particular activity intrusted to him as an officer might, except for such limit, be ideas which would require further expenditures beyond that fixed limit. In other words, it is fair to say, that the increase in the amount of public expenditures, has been from the application of the "so much as may be necessary" statutes still found among the

state code of appropriation laws, coupled with the fact, that legislatures have listened to the clamor of every department, every office, and every public institution for more, and still more, in the way of specific appropriations, and appropriated accordingly. Answered all demands without figuring the constantly increased aggregate of all appropriations resulting from that answer. The budget system so far as the future above referred to goes, is no more and no less than a public planning as to purpose and cost of public activities in advance of tax levy, and in advance of actual expenditure, just how much is to be levied and how much expended. The totals are necessarily present in that consideration. A budget so fully planned and so publicly considered, and thereafter adopted would still give the people what that people really wanted, and would not exceed what that same people would decide it could afford to pay for.

That same feature of public hearings upon proposed expenditure carries with it the idea of requiring every office, every institution and every department presenting its statement as to need for funds. Requires that such requests for appropriations be submitted to the public hearings. Requires also that any further "lobbying" for special favors in legislative appropriations be absolutely abolished. So abolished by prohibiting any such act of lobbying.

This Magazine modestly suggests the foregoing as one of the steps which might be taken to relieve a repetition of a situation where the people demanded something which seemed within its rights, and found no power present to grant such demands. In other words, the Magazine suggests a careful study of every feature of every budget law which has been adopted by any state, that from such study Arizona may quickly adopt a budget law which will work to the protection of the public. Such a law as will make it possible for the people to control the amount of taxes to be collected, and do so despite the existence in the future of any tendency of legislative bodies to repeat the same policies and courses of action, which in the past has resulted in or at least contributed to multiplying the aggregate of expenditures to the amount which stares the tax-paying public in the face.

Whatever the remedy, that remedy must be one which will permit the public to control by its action before and not after the amount of expenditure has been determined upon, and the tax rate unalterably fixed as a rate sufficient to provide funds for such expenditures. The public should not, and it is safe to assume that it will not be too late again.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, SEPTEMBER, 1921

NUMBER NINE

The Legislature Proposed a State Bonded Debt To a Possible Aggregate of Over

\$75,000,000.00

(SEVENTY-FIVE MILLION DOLLARS)

In two proposed amendments to Section 5, Article IX of the State Constitution, the people will be called upon to vote and decide the above possibility.

THE TWO PROPOSITIONS:

SENATE BILL NO. 63

"The state may contract debts in the manner to be provided by law . . . not to exceed FOUR PER CENTUM of the assessed valuation of the property of the state."

HOUSE BILL NO. 83

"In addition to above limited power to contract debts, the state may loan its credit, for not more than FIVE PER CENT of State's total taxable valuation."

The Problem:

\$350,000.00---already permitted---plus bonds to equal \$830,000,000.00 assessed valuation, multiplied by four per cent plus five per cent---nine per cent---will produce

\$75,050,000.00 BONDED DEBT.

WILL THE PEOPLE PERMIT IT?

EDITORIAL COMMENT

THE LEGISLATURE PROPOSED A STATE BONDED DEBT TO A POSSIBLE AGGREGATE OF OVER

\$ 75,000,000.00
(SEVENTY-FIVE MILLION DOLLARS.)

WILL THE PEOPLE PERMIT IT?

The question of amending Section five (5) of Article nine (IX) of the state constitution has been before the people of this state several times in the past. As put into the constitution by the framers of that organic law of this state, and as adopted in its original form by the voters of Arizona, the state has no authority to issue any bonds at all. Its authority in the matter of bond issues is limited to the funding of valid outstanding bonded indebtedness of the territory, its counties and cities, valid and existing at the time of going into effect of the Enabling Act of 1910. In the instances of necessity "to contract debts to supply casual deficits or failures in revenues, or to meet expenses not otherwise provided for," and "to borrow money to repel invasion, suppress insurrection, or defend the state in time of war," the legislature has no power to create any indebtedness whatever, not to be provided for out of taxes authorized to be levied and collected by each legislature in the "annual tax levies" authorized by it. In the first instance above mentioned, the amount of debt to be created is never to exceed the sum of three hundred and fifty thousand dollars at any one time outstanding. These restrictions are found in Article IX, and particularly in section 5, of that article. Under that article the people of the state have committed themselves to the safe policy of a "no bonded debt" state, as a means of escaping the sad experiences of other states in connection with state bond issues.

Every proposed amendment to the above section five of Article IX has been put before the people with a bait to attract the votes of hobbyists among the people. Twice that bait has taken the form of "bonds for good roads", and twice that bait has failed to catch. The Legislature of 1921 was induced to, at

least did bait two hooks, and has cast to the people two distinct propositions under which that section is proposed to be amended. These two are found in the Session Laws of 1921 at pages 165 and 170, respectively. One of the hooks is baited with a proposed "reclamation of desert lands" and is found in what has been discussed and referred to as: "House Bill No. 83"; the other is there, as "Senate Bill No. 63", a measure not yet discussed at all, but must be discussed and considered in its connection with the other. Both relate to proposed amendments to the same section five of Article IX of the state constitution. Voters who may not be interested in the one might possibly be interested in the other. There is even the remote possibility that it was intended to have both measures adopted through a union of the forces of the advocates of HOUSE BILL NO. 83, with all advocates of bond issues for roads, for other state business enterprises, etc., etc. The possibility of a union of hobbyists might mean the adoption of both measures, regardless of the real merits of either, regardless also of the real effect of that adoption upon the future public of the state of Arizona. If bonds are once issued, those bonds must be paid in the future. If bonds are issued, the interest upon those bonds will be a current annual charge against the whole body of taxpayers of the state of Arizona. The particular "hobby" for which any bonds may be authorized may die out, may be found to be impracticable, without feasible results, or found to be otherwise without lasting merit or permanent results towards the upbuilding of the state. Nothing short of payment of the bonds themselves will extinguish the bonds. That payment in full at some period of time will constantly confront the people of this state, whether the actual payment

is in fact made during the life of some project calling for bonded indebtedness state aid, or whether to duty to pay and the payment itself made after the death of that particular project. The probabilities and possibilities connected with the two proposed bond authority measures are of such vital importance that each should be weighed in careful thought and after a thorough understanding of each by every voter of the state. **Present enthusiasm should not lead the voters to future grief. Nor should meritorious reasons be lost sight of in connection with the deliberations of the voters upon those measures. Neither should be rushed through to vote, nor quickly condemned.** It is for the purpose of placing before our readers a starting point in the matter of a final vote thereon that this article is written. The Magazine believes that the public cannot have too much in the way of light upon the subject, and that the first step is to have light upon just what questions are actually in hand to be settled later by the people.

The heading of this article is to the effect that the two propositions if both adopted would permit a bonded indebtedness of the state to an aggregate of over SEVENTY-FIVE MILLIONS OF DOLLARS. Is that statement warranted?

House bill No. 83, after repeating the present provisions of Section five Article one of the constitution, goes on to provide as follows:

"In addition to the above limited power to contract debts the state may loan its credit to promote and assist in the reclamation of arable and irrigable lands within the state lying within the confines of irrigation districts regularly organized and existing under the laws of the State of Arizona and for such purpose may

create bonded indebtedness and issue its bonds as may be provided by law, whenever"

(Here follows provisions as to the manner, method and conditions under which the bonds may be issued, provisions which are not pertinent to the scope of this article.) and then follows:

"It is hereby further provided that the state shall not be responsible or liable for more than five per cent 5% of the State's total taxable valuation; and it is hereby further provided that the state shall not be responsible or liable for more than one and one-half per cent (1½%) of the state's taxable valuation for any one project."

Senate Bill No. 63 after repeating the present provisions of Section Five, Article IX of constitution, goes on to provide as follows:

"The state may also contract debts in the manner to be provided by law. Provided, that such debts shall not exceed four per centum of the assessed valuation of the taxable property within the state. Questions upon bond issues or special assessments shall be submitted to the vote of the real property taxpayers, who shall also, in all respects, be qualified electors, of the state and of the political subdivision thereof affected by such questions."

Both proposed measures contain a similar provision, worded as follows:

"The validity of this amendment shall not be affected by the adoption of any other amendment to the said section five of Article IX of the Constitution proposed or submitted by the Regular Session of the Fifth Legislature of the State of Arizona, and the adoption of this amendment shall not invalidate any other amendment to the said Section five of Article IX of the Constitution of the State of Arizona, proposed or submitted by the regular session of the Fifth Legislature of the State of Arizona."

The above quotation appears as a part of the proposed Section "1" of Senate Bill 63, and appears as proposed Section "3" of House Bill No. 83.

Does the foregoing affirmatively answer and positively support the heading of this article. Does it all warrant the first page suggestions in this Magazine? After the legislature has expressly said that "the validity of this amendment" shall not be affected by the adoption of any other amendment to the same Section 5 of Article IX, "proposed or submitted by the Regular Session of the Fifth Legislature of the State of Arizona", is there any room for doubt that each of the two propositions were in fact intended to state a separate and

distinct proposition relating to state bonds, and that both were intended to stand as constitutional law, each independent of and in addition to the other?

Even though the Legislature had not said so, is there any conflict in fact as between a proposition under which "The state may also contract debts in the manner to be provided by law." Provided that such debts shall not exceed "four per centum of the assessed valuation of the taxable property within the state," and the other proposition that "In addition to the above limited power to contract debts" the state "May loan its credit" and do so, "not to be responsible or liable for more than five per cent 5% of the state's taxable property". If in truth the first proposition is purely a "state debt" and state bond proposition, and the second proposition is "a loan of state credit" the one is not in conflict with the other. The one provision speaks as to how much money the state may borrow upon state bonds for distinctly state debts, or to pay debts contracted directly by the state. The other proposition, speaks as to how much the state may become contingently liable on account of debts to be actually created by irrigation districts. It is one thing to borrow money which you expect to pay yourself. It is a distinct proposition to endorse or guarantee the note of your neighbor. At least there is a distinct difference at the outset, there may be no difference in the final outcome. You may ultimately have both to pay. That contingency is beside the question.

Read the two provisions together. There is a distinctive difference between them. One covers one subject, the other another subject. The sum of the two subjects is fairly and squarely a sum suggested in the heading of this article. Just as fairly and surely so, as the sum of four and five make nine. Just as surely as nine per cent of \$884,000,000.00 (which was the assessed valuation of the taxable property of the state in the mind of the Legislature when it enacted Senate Bill 63, and House Bill 83) would be nearly eighty millions of dollars—\$79,520,000.00 to be exact—and that \$884,000,000.00 which was the total of taxable property for year 1920-1921, would have been the value to be considered, if both provisions were adopted by a special election to be held in 1921. The figures—\$830,000,000.00—have been used in making the heading for the reason that amount is the total of the taxable property upon the tax rolls for year 1921. For the reason that it would be the valuation to be used for action under authority of the proposed amendments, should both be adopted at the regular general election

to be held in 1922. Therefore multiply the latter amount of \$830,000,000.00 by nine, and the product is \$7,470,000,000.00. Both propositions leave a power to create debts not to exceed \$350,000.00. The composite of the two proposed amendments, reduced to one complete result, is that under present conditions, if House Bill 83 and Senate Bill 63 were now in effect, state debts to the amount of over SEVENTY-FIVE MILLIONS OF DOLLARS IN THE AGGREGATE, will be possible.

In the above analysis, it is pointed out that on the face of the two measures, one is not inconsistent with the other, one being for a debt of the state, the other being authority for a contingent liability of the state, referred to as "loan of credit of the state". This distinction is one of theory, is sufficient to support a claim that the two are not inconsistent as a matter of law. That same distinction does not exist as a practical, matter-of-fact proposition. It is true that irrigation district bonds will be issued and turned over to the state, or that provision may be made under which such districts must pay interest and the principal of the bonds. Whatever the provision may be, as between the state and the irrigation district in each instance of "loaning state credit" the financial institution which furnishes the real money, will get real state bonds, which will contain an unequivocal promise of the state to pay those bonds with interest until paid. To illustrate, your neighbor wants five hundred dollars to improve his farm, he comes to you for it, you have no cash, your credit is good at your bank, you go to the bank, get the money on your credit, go back to your neighbor, get his note and give him the money. The bank looks to you for the principal and interest of your note, it has nothing to do with your neighbor, nor whether that neighbor ever pays you or not. The state of Arizona will be in exactly the same position if it is authorized to loan its credit and issue bonds in aid of irrigation district projects.

Still another practical conflict exists as between the two propositions. Practical as distinct from any conflicting provisions of the one which might be urged to destroy the effect of the other. That is, the bonds which may be issued to fund state indebtedness which is to be authorized of not to exceed four per cent of the taxable property of the state, is coupled with a provision that such bonds shall be issued only upon the authority of the vote of the real property owners of the state, in all other respects fully qualified voters of the state. The

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THE LEGISLATURE PROPOSED A STATE BONDED DEBT TO A POSSIBLE AGGREGATE OF OVER \$75,000,000.00 (SEVENTY-FIVE MILLION DOLLARS). WILL THE PEOPLE PERMIT IT?

(Continued from page 3)

state is authorized to loan its credit to irrigation districts and issue bonds for that purpose, to create liability of not to exceed five per cent of its taxable property, when as provided in House Bill 83,

"Whenever the lands in any such irrigation district and the water supply therefor and the proposed irrigation works and system thereof have been thoroughly investigated and found to be adequate and sufficient and the cost thereof per acre reasonable, and the building of the whole project feasible and advantageous to the state, and when adequate provision has been made by such irrigation district for the payment of such state bonds, interest and principal, as and when the installments of interest and principal thereof shall and may be-

come due and payable."

The main distinction in a few words is that under Senate Bill 63, the people—real property taxpayers—of the state vote upon the proposed bond issue, while under House Bill No. 83, the people of the whole state, have nothing to say about the amount of their credit to be loaned to irrigation districts. Aside from the loaning of state credit to irrigation districts, with state bonds to be issued to procure money to establish irrigation works for such districts, no other possible public enterprise would be, or might be so "advantageous to the state" as to be exempted from public judgment thereon, to be expressed by vote of the property taxpayers of the state. No other possible public enterprise except that of aid to irrigation districts, which can safely be left to the judgment of administrative officers of the state. Certainly there is a clear distinction between the two proposed amendments to the constitution. One is special in its particular provisions, the other general as to all other classes of debts, bonds, and possible state liabilities either direct or contingent.

The proposal of a constitutional amendment under which the real property taxpayers of the state, who are qualified voters of the state in every

respect, may speak upon the question of financing by bond issue a future public project, is a question not out of line with the underlying and controlling policy of the state, that of letting the people decide. The question of withdrawing the control of such a vital matter as a state bond issue in any case from "the voice of the people" is a reversal of that policy. Yet that very difference and inconsistency as to policy does exist as between the two measures. It is a difference under which each can exist and become law if the people of the state so say by their votes when the two proposed measures are finally upon their ballots for determination of the question of rejection of either or both, or the adoption of either or both.

If both are finally adopted, that adoption will be no more and no less than opening the doors to a state bonded indebtedness of nine per cent of the total value of the property in the state for taxation purposes. If the value increases, then the possible indebtedness will likewise increase. Under present conditions as to the taxable values of the property of the state, an affirmative vote upon both measures would authorize state bonded indebtedness up to and including at least \$75,000,000.00.

That is the question to be finally determined by the voters of this state.

An Injunction Asked Against Payment by Taxpayers of Interest on Lyman Dam Loans

This Magazine heretofore called attention to the provisions of an act of the 1921 Legislature entitled: "An act for the relief of Natural persons Owning Land in Apache County Whose property was Damaged or Destroyed by Floods Occasioned by the breaking of the Lyman Reservoir, and making an appropriation therefor," as being an unconstitutional measure. A taxpayer of Maricopa county has brought suit to enjoin the State Auditor from action according to the provisions of that act.

The title of the act is misleading. As a matter of fact, the Legislature of 1915 made an appropriation to give immediate aid and relief to the actual sufferers from the Lyman Dam flood. The taxpayers of the state, realizing that the appropriation then made was for a generous purpose, that of relieving sufferers from actual want, passed over any question of precedent involved in the appropriation then made, slept upon any constitutional question involved therein, and no steps were taken to prevent the use of the appropriation. After six years, however, the immediate need of

relief to prevent actual want on account of that flood is a thing of the past, and the Act of 1921 is not directed to such a need at all. The body of the act discloses its real purpose which is a matter of business rather than one of relief.

The act, so far as relating to action by the Loan Board and State Auditor, reads as follows:

"The State Loan Board shall ascertain the amount of interest due on the loan made on the farm lands within the Lyman dam project up to the time this act becomes effective and shall make a claim for the amount so determined upon the State Auditor who will issue his warrant upon the receipt of such claim for a like amount to be credited to the permanent funds invested on such loans. At the end of each calendar year up to and including 1924 the State Loan Board shall ascertain the amount of interest due, and if, in their judgment, similar action is necessary, shall have authority to grant the same relief to said mort-

(Continued on page 6)

A Statement Showing Amounts of City and Town Taxes For Tax Rolls of 1921

The fact that it will cost the taxpayers of the state, \$6,062,917.04 to conduct all state activities during the present fiscal year, and the fact that it will cost the counties a sum aggregating \$6,894,955.01 to take care of county activities, are matters which have received more or less attention by the taxpayers of the state. The question of special district levies, which includes special levies for school districts in addition to what is contributed by state and county for support of common schools has received some attention, in connection with an aggregate of \$2,535,725.85, which appears upon the tax rolls for 1921 as amount of levies for special district purposes of all kinds. Not so much attention has been paid, however, to municipal taxation. Yet with the figures all in, city and town budgets adopted, and taxes levied, the aggregate of those taxes for all towns and cities in the state, amounts to \$1,937,960.75.

When it is considered that the latter figures—\$1,937,960.75—is an amount greater than the entire budget for all state purposes in the first years of statehood, and when it is considered also that this amount is in addition to all the other taxes paid by property owners who have property within city limits, and when it is a common desire on the part of all taxpayers that public burdens of all kinds be reduced where possible to do so, the question of taxes paid for city and town purposes cannot be overlooked.

There may be some useful information obtained in connection with a comparison as between towns and cities in Arizona, of the cost of city and town governments in each locality of the state. Primarily the purposes of each government of each town and each city is the same. Primarily at least, each town and each city in the state receives the same relative benefits from county and state reflected to the benefit of residents of cities and towns, in the general protection of their property and property rights. The ideal city government plan is yet to be formed. But as the people of today are really concerned in the cost of government and are ready and willing to pay for what may be necessary in government, and are eagerly looking for places where the unnecessary can be eliminated as a means of cost reduction, it may be of some interest to our readers to be able to look over a table of costs, like that which appears below, and then work out in their own minds to their own satisfaction the comparisons which that table presents.

Our readers are given a table in which

under appropriately headed columns, there appears the assessed valuations, the city tax rate, the tax levy amount realized from those rates, the population of and per capita tax rate of every city and town in the state. The Magazine passes this table to its readers to figure out some unit or units of cost which are common to each, which exist in common in the municipal costs shown by the table. Then after those units have been ascertained on some common basis incident to the necessary cost of any municipal government at all, there remains the problem of why in addition thereto, it costs some cities so much more in proportion than it does others to operate purely city activities. These are problems which have been undertaken, but the solution of which is still pending hence the table is submitted that our readers may use it in connection with other figures bearing upon the general subject of taxation, and upon the more important question of how the tide of increase in all taxes may be stemmed, and pushed back to the low ebb of real necessities.

TABLE OF COSTS OF CITY AND TOWN GOVERNMENTS IN ARIZONA

County	Assesed Valuation	Rate Per \$100.00	Levy	Population	Rate Per Capita
COCHISE					
Bisbee	\$6,747,494.00	\$1.70	\$114,707.40	9,205	12.46
Douglas	8,682,323.00	1.10	95,505.55	9,916	9.63
Tombstone	469,391.00	.95	4,459.21	1,178	3.79
Willcox	782,025.00	.72	5,630.58	905	6.22
COCONINO					
Flagstaff	3,734,931.00	.7701	28,762.70	3,186	9.03
Williams	1,147,242.00	1.12	12,849.21	1,350	9.52
GILA					
Globe	4,827,500.00	1.90	91,722.49	7,044	13.02
Miami	3,636,200.00	2.20	79,996.06	6,689	11.96
Winkelman	437,195.00	.65	2,841.77	573	4.96
GRAHAM					
Safford	1,210,690.00	.75	9,080.18	1,336	6.80
Thatcher	410,881.00	.44	1,807.88	899	2.01
Pima	229,788.00	1.14	2,619.58	515	5.09
GREENLEE					
Clifton	5,804,147.00	1.40	81,258.06	4,163	19.52
MARICOPA					
Chandler	1,178,364.00	1.16	13,669.00	2,250	6.08
Gilbert	292,713.00	.52	1,522.10	865	1.76
Glendale	1,906,685.00	.70	13,346.80	2,737	4.88
Mesa	3,790,996.00	.76	28,811.00	3,036	9.49
Phoenix	47,463,513.00	1.42	674,265.88	29,063	23.20
Tempe	1,583,538.00	2.30	36,454.94	1,963	18.57
Wickenburg	296,713.00	1.10	3,263.84	527	6.19
NAVAJO					
Holbrook	1,232,125.00	1.28	15,770.00	1,206	13.08
Snowflake	200,765.00	.37	750.00	758	.99
Winslow	2,357,435.00	.96	22,616.00	3,730	6.06
PIMA					
Tucson	22,463,947.00	1.23	276,306.00	20,292	13.62
PINAL					
Casa Grande	1,032,285.00	1.10	11,355.00	948	11.98
Florence	851,869.00	2.0219	17,225.00	1,161	14.84
SANTA CRUZ					
Nogales	6,799,817.00	.969	65,890.23	5,190	12.70
YAVAPAI					
Jerome	3,692,907.00	1.5502	57,247.44	4,030	14.21
Prescott	6,400,000.00	1.40	89,600.00	5,010	17.88
YUMA					
Somerton	485,870.00	2.185	10,616.25	938	11.32
Yuma	4,072,503.00	1.67	68,010.80	4,239	16.05
TOTAL			1,937,960.95		

AN INJUNCTION ASKED AGAINST PAYMENT BY TAXPAYERS OF IN- TEREST ON LYMAN DAM LOANS

(Continued from page 4)

gagors for the calendar year next preceding."

"The interest due the state of Arizona on the money loaned for the purpose of erecting said dam is hereby remitted until the year 1925, as herein provided."

The legislative reason for the above provisions is stated in the act as follows:

"That because of the construction company not completing the Lyman Dam, and the resulting failure to obtain water, which has prevented the growing of crops on the Lyman Dam project during the past five years, and which will limit the growing of crops for at least another year, etc."

After which follows what is first quoted above.

The measure in its entirety presents serious questions pertaining to the handling of state land funds. In the first place it may be doubted whether the legislature has any control at all over those funds. The funds do not belong to the state of Arizona, they are held by it in strict trust for the purposes named in the Enabling Act. That act, the language of which is followed in the state constitution, provides that: "The State treasurer shall keep all such moneys in safe, interest bearing securities, which securities shall be approved by the Governor and Secretary of State of said proposed state, and shall at all times be under a good and sufficient bond or bonds conditioned for the faithful performance of his duties in regard hereto, as defined by this act and the laws of the state not in conflict herewith." Without repeating the various grants and purposes stated in the Enabling Act and in the constitution which constitutes perpetual trusts as connected with the permanent funds realized from sales of the granted lands, it is enough to say that as to each such purpose, the trust does provide that the income from investment of permanent funds shall be used for the support and maintenance of state institutions as the beneficiaries of each such trust fund. There are specific provisions in the constitution which bear directly upon the question of power in the legislature to remit the payment of interest on loans of those trust funds. Those provisions are:

"The income derived from the investment of the permanent state school fund, and from the rental derived from school lands, with such other lands as may be provided by law shall

be apportioned annually to the various counties of the state in proportion to the number of pupils of school age residing therein."

The revenue for the maintenance of the respective state educational institutions shall be derived from the investment of the proceeds of the sale, and from the rental of such lands as have been set aside by the Enabling act, approved June 20, 1910 . . . in addition to which the Legislature shall make such appropriations, to be met by taxation as shall inure to the proper maintenance of all State educational institutions . . ."

In connection with all of the above, from which it seems perfectly clear that it was the intent of Congress to cause the permanent funds derived from sales of lands by it granted, to be so safely invested, that a fixed annual revenue be derived therefrom without fail, to be annually available for support of schools and state educational institutions. If the legislature or any state officer assumes the power to remit or postpone the payment of rents or of interest for a term of years the intended annual support to schools, educational institutions and other state institutions will fail in actual practice. Such revenues cannot be used if not collected.

Put the idea in another form. If the legislature can say with effect that mortgagors who have borrowed from the land funds will be excused from payment of interest thereon past due, for one year, it is within the same power to excuse payment of interest due to such loans for two, three, and additional years without limit. The doing of which would defeat the purposes of the land funds trusts entirely, so far as making the income from those funds a current, annual income, to maintain state schools, state educational institutions and other institutions to be benefited from such funds. In the particular case of the Lyman Dam matter above referred to, the interest, so far as the mortgagors are concerned, may be remitted until 1925, with several years' past due interest

presently remitted.

The loans in the Lyman Dam project amount, in round numbers to over \$600,000.00. The interest thereon amounts to over \$36,000.00 per year. The principal amount includes not only permanent funds but interest and rentals not heretofore distributed. Taken all together, there are several features connected with the particular law which has been attacked in the injunction suit against the State Auditor which when decided by the court will help to permanently establish the actual purpose, intent and meaning of portions of the constitution relating to the trust funds involved. While the actual amount directly involved may not be large, as compared with the total amounts necessary to the support of our state educational institutions, the common schools, and other state institutions, the principals which are to be decided, the construction of powers for actions, and other collateral matters are of the utmost importance as connected with the permanency of the trust involved in connection with the public lands of the state.

There has been no allusion made in this article to the particular grounds of attack urged in support of the suit referred to. This Magazine in a previous issue fully covered these grounds. It now modestly suggests that the Legislature has no power at all except to provide laws which may be necessary in order that the Treasurer, the Secretary of State and the Governor may perform their respective duties in regard to keeping the funds invested. Suggests also that any attempt on the part of the legislature to so legislate as to deprive those officers of power to keep the funds invested and in safe interest bearing securities, by directing them to remit interest, is an unwarranted interference, and is not legislation along the only lines permitted by the constitution itself, which is confined to legislation not in conflict with the exclusive powers of investment of those funds vested in the three executive officers named in the constitution.

Revenue From National Forests Apportioned to the Several Counties for Roads and Common Schools for the Fiscal Year Ending June 30, 1921

The State Auditor has compiled figures which control the distribution of the revenue derived from the National Forests to the various counties of the state which receive benefits therefrom under acts of Congress. The table showing that compilation and basis for dis-

tribution is given below, the aggregate amount going to each county appearing in the last column.

When received by the counties the amount is to be divided equally as between roads and the common schools.

The amount actually received by the

state, and the amounts apportioned to the counties is smaller than in previous years. The fact that it is so does not mean that the actual earnings of lands in the forest reserves has decreased. The lesser amount is less for reason of the fact that Congress granted an extension of time to the stockmen, within which to pay their rentals. Upon a return of conditions to normal, rents ac-

tually earned by forest reserve lands for the fiscal year ending June 30, 1921, will be paid and the amount so paid will then be added to the earnings for the present fiscal year, with the result that the next distribution will be large enough to make up for the amount not yet collected and ready for distribution by the federal officers.

County	Reserve	No. Acres	Amount	Total
Apache	Apache	463,220	\$1,013.49	\$ 1,297.53
	Sitgreaves	42,869	284.04	
Cochise	Coronado	483,698	2,509.24	2,550.44
	Crook	22,595	41.20	
Coconino	Coconino	1,333,175	8,897.78	17,409.61
	Kaibab	738,939	506.10	
	Sitgreaves	218,007	1,444.15	
	Tusayan	1,119,183	6,561.58	
Gila	Crook	318,840	581.40	3,339.12
	Tonto	1,331,418	2,757.72	
Graham Greenlee Maricopa	Crook	397,099		724.11
	Apache	773,445		1,692.24
	Crook	2,300	4.20	
	Prescott	173,110	352.65	
	Tonto	497,416	1,030.28	1,387.13
Mohave	Dixie	17,680	23.21	32.39
	Kaibab	13,000	9.18	
Navajo	Sitgreaves	389,339		2,578.39
Pima	Coronado	385,975		1,997.63
Pinal	Coronado	24,558	127.40	521.82
	Crook	149,394	272.42	
	Tonto	58,900	122.00	
Santa Cruz	Coronado	411,510		2,134.75
Yavapai	Coconino	436,032	2,910.13	6,765.35
	Prescott	1,274,740	2,596.82	
	Tonto	101,072	209.35	
	Tusayan	178,932	1,049.05	
TOTAL ACRES		11,355,846	TOTAL REVENUE	\$42,430.51

QUESTIONS AND ANSWERS

Did the 1921 Legislature take any action towards establishing a county unit system for public schools; and if so, what?

A. Senate Bill 194 which appears as Chapter 159 of the Session Laws of 1921 was intended to cover the matter of such unit system—just how fully it went along that line appears from extracts therefrom which read as follows:

“The county shall be the basis for educational organization in the State of Arizona and each county board of education, as provided for in this act, subject always to the powers granted to city school districts and to sub-districts in this code, shall have supervisory over-

sight and control of all public schools and school libraries established within the county

“Classification of districts. All school districts in this state now existing or hereafter organized shall, on the taking effect of this statute, be reclassified as county school districts or as city school districts

“County School districts. Each county, excepting only territory comprised in city school districts, shall constitute one county school district, and shall be under the control and management of a county board of education. For convenience in the establishment of schools, the regulation of attendance, and the supervision of buildings, county boards of education may subdivide those portions of the county under their control into attendance sub-districts

“All school districts in the state now existing or hereafter organized which employ and continue to employ a superintendent or supervising principal who devotes one-half or more of his time supervising, may make application to the state board of education to become a city school district.

“If the State Board of Education, after examining the evidence presented, finds that the district applying has made the proper provisions therefor, it may authorize said district to organize as a city school district under the management and control of the city board of education.

“Joint school districts. Joint school attendance sub-districts may be established by the joint action of two or more county boards of education. All such districts shall be under the educational, statistical and financial control of the board of education and the supervisory control of the county school superintendent of the county in which the school house is located.

“City School Districts. All school districts in this state now existing or hereafter organized which employ a supervising principal, or superintendent of instruction, and are or may become properly organized, as provided in this act, shall be known as city school districts, and shall be under the control and management of city boards of education.

“Existing districts. All school districts existing in the state at the time this act takes effect shall be classified by the different county boards of education as provided for in this article. All county school districts and sub-districts shall pass under the control and management of the county boards of education; and all districts which comply with the provisions of this article relating to city districts, and become properly organized, shall pass to the control and management of city boards of education, subject to the powers reserved to the county and state educational authorities. By the mutual consent and agreement of the county board of education and the city board of education for the city concerned, sub-districts or parts of sub-districts may be transferred from the county school district to a city school district or vice versa, as the educational needs of the children therein may seem to require.”

Unfortunately for the framers of the bill and its many advocates not only in the legislature but among members of the public, no “enacting clause” was put to the bill, and in consequence it is generally conceded that the bill did not

become a law.

Is there any measure before the people for the purpose of revising or reconstructing the laws pertaining to education or educational institutions of the state, and if so what?

A. Senate Joint Resolution No. 2, which appears at page 464 of Session Laws of 1921 Legislature proposes a constitutional amendment, to be voted upon by the people at the next general election, some of the distinctive features of proposed changes offered in that resolution are as follows:

"That Article XI of the Constitution of the State of Arizona be and is hereby resolution are as follows:

"The Legislature shall enact such laws as shall provide for the establishment and maintenance of a general and uniform public school system, which system shall include kindergarten schools, common schools, high schools, normal schools, industrial schools, and a university (which shall include an agricultural college, a school of mines, and such other technical schools as may be essential, until such time as it may be deemed advisable to establish separate state institutions of such character). The Legislature shall also enact such laws as shall provide for the education and care of the deaf, dumb and blind. . . .

"The general supervision, government and control of the public school system shall be within the powers of the State Board of Education. Departments of penal and reformatory institutions devoted to the education and mental development of inmates shall be under said board, with like powers to be exercised to an extent consistent with the general supervision, government and control of such institutions under powers invested in other boards for the control of said institutions.

"The State Board of Education shall consist of seven members who shall be appointed by the Governor, each of whom shall hold office for seven years beginning on the first day of January, except that the terms of office of those first appointed after this provision becomes effective shall be stated definitely in the commission issued as extending for terms of one, two, three, four, five, six and seven years respectively. Not more than two members of said board shall be appointed from any one county. It shall be the duty of the Governor to appoint new members to fill vacancies for unexpired terms of office of members of the board, within thirty days after such vacancies occur. The members of the State Board of Education shall receive no salary, but the Legislature, by specific appropriation, shall provide for the payment of such expenses of the

members, and the board as such, as it may deem necessary. On and after the first Monday in January, 1925, the State Board of Education, shall appoint the Superintendent of Public Instruction who shall be an officer of the executive department of the state government, and shall prescribe his qualifications, duties and term of office. The Superintendent

of Public Instruction shall receive such annual salary as may be determined by the State Board of Education. The legislature may prescribe other particular duties of the board, and the manner in which its powers shall be exercised; and until so prescribed the board may establish its own mode of procedure and action."

Why the Necessity for State Anticipatory Bonds

The question of why the state is not in ready funds to meet its current bills as connected with the reason why the legislature found it necessary to provide for borrowing money, issue bonds therefor, and secure the payment of those bonds by pledging tax collections to become due and payable upon tax rolls, for taxes already assessed is a question which may not be thoroughly understood by our readers.

The fiscal year as it applies in connection with appropriations made by each legislature, commences on July 1st of each calendar year. Those appropriations include amounts for the payment of salaries and expenses of all state officers and employees; include also amounts provided for purchasing supplies for the Pioneers' Home, the State Asylum for the Insane, the State Industrial School, the State Prison, the inmates of each being supported at state expense; includes also amounts appropriated for distribution to counties to be used in connection with county funds raised for the support of the common schools and high schools of each county, including therein the payment of teachers' salaries, the cost of free text books, as well as other supplies needed for those schools; included therein are amounts needed for repairs and upkeep of the properties of state institutions; and by general reference there is included amounts required for the erection of new buildings, the continued construction of highways according to plans therefor connected with Federal aid funds for the same purpose, and road building plans of state connected with county plans; included also is the amounts needed to pay everything to be paid in connection with the university and normal schools.

All of the appropriations for purposes above mentioned are treated as available as of July first of each year. No actual funds, except such as come in from what may be referred to as "other sources of state revenues", are in the treasury of the state until the taxes are collected from the tax rolls of taxes levied upon the rolls for that same year, the actual collection of

which taxes does not commence until in September. And, the first one-half of all the tax money with which to meet all appropriations for an entire year, and to pay all expenditures which may be made during an entire year, is all that is actually due in September, the other portion not being due until in May following. The actual collection of taxes is made by the county treasurers.

Delays are unavoidable in connection with the transmission of such collections from the county treasurers to the state treasury. In consequence of all the above facts, the state is placed in the position where it must either have cash with which to pay its bills, or suspend necessary operations and activities entirely until it does get the money from tax collections. It is like the merchant who has plenty of accounts receivable on his books, but no money in the till to pay his bills. Of course the state can use its credit, can even force the use of that credit by issuing state warrants. But the persons who receive such warrants need money, must have money to live and pay their bills.

Hence it was, that the idea of anticipatory bonds was brought into play to relieve the entire situation. That use of such bonds will continue to be necessary due to a repetition of the same necessities, until such time as the legislature or the people, devise a new order of things under which actual money will be in the treasury, prior to incurring state liabilities which can only be satisfied with cash payments. **It is admittedly an expensive way of conducting business of the state to be required to pay interest upon money borrowed by the state to run its business. But until the structure of our revenue laws are remodeled so that collections of revenues will precede expenditures, that expense cannot be avoided.**

The weakness of the situation is in the law. State officials can only use the laws which are provided for their action.

Change the laws, and the loss to the state of amounts now paid out in interest will be stopped.

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Phoenix, Ariz.
Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, OCTOBER, 1921

NUMBER TEN

A Pyramid of County Taxes for the Tax Year 1921

County	Total County Tax
GRAHAM	\$148,359.22
APACHE	\$170,805.67
SANTA CRUZ	\$213,267.52
NAVAJO	\$217,407.47
MOHAVE	\$307,206.90
COCONINO	\$323,992.83
YUMA	\$354,508.91
GREENLEE	\$365,678.33
PINAL	\$477,563.57
PIMA	\$686,721.06
GILA	\$713,816.87
YAVAPAI	\$741,502.68
COCHISE	\$859,419.44
MARICOPA	\$1,314,647.01

These amounts represent that portion of the cost of county government in the fourteen counties in the state, DERIVED FROM DIRECT TAXATION ONLY. THE REAL COST also includes additional amounts realized from other sources of revenues; and that real cost also includes additional amounts raised for special district levies, not shown in above figures.

EDITORIAL COMMENT

There Will be no Special Election on House Bill 83

Since our last issue the matter of action of the Secretary of State in refusing to take steps towards a special election on the questions contained in House Bill No. 83, has been before the Supreme Court, and the action of the Secretary in recognizing a referendum against the election section of that bill was fully sustained. In the course of the decision several features of the present election and registration laws of the state were considered, and as the whole decision is a matter which should be of interest to all voters, a copious extract from the decision itself is printed below, as follows:

"The plaintiffs, as residents, qualified electors and taxpayers, of the state of Arizona, instituted this proceeding against the defendant, Secretary of State, praying that a writ of mandamus issue against said Secretary, directing him to submit at a special election called for November 8th, 1921, a certain amendment to the constitution of the state, proposed, as it is alleged, by the two houses of the legislature, in accordance with Article XXI of the Constitution. The proposed amendment to the Constitution is published in the Session Laws of Arizona, 1921, as Chapter 85, page 185, and reads as follows:

"CHAPTER 85.
((House Bill No. 83)
AN ACT

Proposing to Amend the Constitution of the State of Arizona by Amending Section 5 of Article 9. Thereof So as to Provide for the issuance of State Bonds to Promote and Assist in the Reclamation and Irrigation of Arable and Irrigable Lands Within the State of Arizona and Providing for the Submission of said Proposed Amendment to the Electors of the State for Their Approval or Rejection at an Election to be Called for such Purpose.

Section 4. That said proposed amendment shall be submitted to the electors of the State of Arizona for their approval or rejection at a special election which is hereby called for such purpose to be held in manner provided by law, for general elections, on the 8th day of November, 1921.

When the plaintiffs' petition was filed the court directed the issuance of an alternative writ to the Secretary of State, and upon the return day he filed his answer in which he set forth:

I.

That the proposed constitutional amendment was not entered upon the journals of the two houses in compliance with the terms of the constitution.

II.

That the special election was not legal, because no adequate provision is made therefor, and the attempt to adopt the general election

law by reference is in violation of the constitution, and

III.

That a referendum petition had been filed against Section 4, legal in form, and containing the constitutional percentage of voters and thereby his power to submit said proposed amendment to the special election was suspended.

The authority to propose amendments to the Constitution is found in Section 1, Article XXI of that instrument.

We think the courts all concur in holding, where the question has arisen, that the two branches of the legislature in proposing amendments to the constitution, under provisions like ours, are exercising delegated powers and acting as agents in a sense and are not functioning in a legislative capacity. The text on the question in 6 R. C. L. 28, Section 19, is as follows:

"The power of the legislature to initiate changes in the existing organic law is a delegated power, and one which is generally to be strictly construed under the limitations by which it has been conferred. In submitting propositions for the amendment of the constitution, the legislature is not in the exercise of its legislative power, or of any sovereignty of the people that has been intrusted to it, but is merely acting under a limited power, conferred upon it by the people, and which might with equal propriety have been conferred upon either house, or upon the governor, or upon a special commission, or any other body or tribunal. The extent of this power is limited to the object for which it is given, and is measured by the terms in which it has been conferred, and it cannot be extended by the legislature to any other object, or enlarged beyond those terms."

Under Article XXI an amendment to the Constitution may be proposed by initiative petition filed with the Secretary of State and be submitted to the vote of the people and approved and ratified by a majority of those voting thereon and become a part of the constitution without any action whatever upon the part of the members of the legislature. In such case the proposed amendment would be submitted by the Secretary at the next general election as a matter of course. If, however, the legislature should come to the conclusion that the public interest or the exigencies of the case demanded that the proposed amendment be voted upon at an earlier date than the general election it is authorized by said Article to call a special election for the purpose of voting upon the proposed amendment whether initiated by the electorate or by the legislature.

Whether the legislature in calling a special election acts in its capacity as a law making body, or whether it is in the exercise of a delegated power, that it makes the call, we think it unnecessary to decide in this particular case, for the reason that it seems to us that the legislature had done very much more than to call a special election. If it has done anything it has provided the machinery for holding the

election and authorized the incurring of the expenses necessary therefor. Section 4, against which the referendum is filed, not only calls the special election, but adopts by reference a system of general laws, to-wit, the general election laws, whether applicable or not. In other words the procedure provided in the general election laws is required to be followed in holding the special election on November 8th, 1921, in every respect except as to date.

It is a common practice throughout this country for legislatures to refer to other statutes and make them applicable to the subject of legislation in hand. Such reference statutes have for their object the incorporation into the act of which they are a part the provisions of other statutes by reference and adoption. This is done to avoid repetition. 25 R. C. L. 907, Section 160.

In *People vs. Crossley*, 267 Ill. 78, 103 N. E. 537, the effect was said:

"The effect of such reference is the same as though the statute or the provisions adopted had been incorporated bodily into the adopting statute. (2 Sutherland on Stat. Const. Sec. 405) Such adoption takes the adopted statute as it exists at the time of the passage of the adopting act. . . ."

On *Savage vs. Wallace*, 185 Ala. 572, 51 So. 605, it was said:

"There is a class of statutes known as 'reference statutes' which impinge upon no constitutional limitation. They are statutes in form original and in themselves intelligible and complete statutes which refer, and by reference adopt, wholly or partially, pre-existing statutes. In the construction of such statutes, the statute referred to is treated and considered as if it were incorporated in and formed a part of that which makes the reference. The two statutes coexist as separate and distinct legislative enactments, each having its appointed sphere of action; and the alteration, change, or repeal of the one does not operate upon or effect the other." *State vs. Tausick*, 64 Wash. 59, 116 Pac. 651; *Hulto vs. Walker Co.*, 185 Ala. 505, 84 So. 313, Ann. Cas. 1916 E 372.

The adoption of the general election law by reference, as is done in Section 4, is then unquestionably legislation requiring not only the co-operation of the two houses of the legislature, but the governor of the state in order to be effective.

The Oregon constitution, Article 17, is:

"Any amendment or amendments to this constitution may be proposed in either branch of the legislative assembly and if the same shall be agreed to by a majority of all the members elected to each of the two houses such proposed amendment or amendments shall, with the yeas and nays thereon, be entered in their journals and referred by the Secretary of State to the people for their approval or rejection at the next regular general election, except when the legislative assembly shall order a special election for that

purpose.

It will be observed that the manner of submitting the proposed amendment to the people is very much like ours. Our legislature is authorized to "call" a special election, whereas the Oregon legislative assembly is authorized to "order" a special election. It is interesting to note that the legislative assembly of Oregon by separate act submits propositions to amend its constitution to the people. At a special session of the legislature of Oregon held in January, 1920, several proposed amendments to the constitution were agreed to by legislative assembly. Subsequently at the same session Chapter 35 of the general laws of Oregon, 1920 was enacted with an emergency clause calling a special election to be held on May 21, 1920, concurrently with the general primary election to vote upon the proposed constitutional amendments, and also some statutes. Later in *State vs. Rzhis*, 199 Pac. 169-177, the constitutionality of one of the amendments voted upon at the special election was raised and the court said:

"The power of the legislature to submit constitutional amendment to a vote at the special election is clear; article 17 of our present constitution expressly so provides." Thus the legislature of Oregon, as well as its highest court, recognized that the ordering of a special election to vote upon amendments to the constitution and providing for the manner and method of holding the election were legislation.

If there be appended to a proposed amendment by the legislature any measure essentially legislative or statutory in character it must be submitted to the governor for his approval before it can become a law. *Warfield vs. Vandiver*, 101 Md. 78, 60 Atl. 358; *Nesbitt vs. People*, 19 Colo. 441, 36 Pac. 221. Chapter 85 took the ordinary course in enacting a law. It was presented to, and approved by the governor.

Whether the adoption by reference of the general election law concerning initiative and referendum measures (Title 22, Chap. 1, Civil Code, 1913) includes the chapter of the Civil Code upon registration of voters it may be doubted. If it does, it is not possible to comply therewith. Under the statute the period of registration is from May 1st to October 15th on even years only. Pars. 2880, 2883, Civil Code. If in adopting the general election law, supra, it was the purpose to confine the voting to those upon the great register, which closed October 15, 1920, it would result in deny-

ing a large number of persons entitled to vote the right or privilege of expressing their wishes upon the proposed amendment to the constitution. It must be true that a great number of persons, both men and women, since last October, have, by reason of arriving at voting age, or by reason of residence, become entitled to vote upon this measure. Under the statute such persons cannot vote unless they are registered. Par. 2901 Civil Code. If electors entitled to vote have an opportunity to register and fail to do so they may not reasonably complain. They should, however, be given an opportunity to register before they are disfranchised. The statute, par. 2879, provides that every citizen of the United States, twenty-one years of age, or over, who shall have become a resident of the state one year next preceding the election, and of the county and precinct in which he claims the right to vote, thirty days, shall be deemed to be an elector of the state and entitled to register for the purpose of voting at all elections which are now or may be hereafter authorized by law. In the nature of things it is impossible to preserve the rights of the citizens of the state who have become eligible voters since the close of the last registration and yet under the statute they are entitled to register and vote at all elections. *Perry vs. Whitaker*, 71 N. C. 475; *Capeen vs. Foster*, 12 Pickering 485, 23 Am. Dec. 632. So it may be said that the adoption of the general law on elections by reference to guide the special election on the proposed amendment to the constitution, is not only legislation, but in its ultimate results it is vicious legislation. Its effect in excluding from the great register those entitled to be thereon as was said in *Perry vs. Whitaker*, supra, "was manifestly a fraud upon the popular vote, although doubtless no fraud was intended." Article 21 in one place provides that proposed amendments to the constitution shall be submitted "to the vote of the people." This all inclusive proposition certainly extends to all those persons who are "entitled to register for the purpose of voting at all elections."

The plaintiffs cite subdivisions II of section 1 Article 4 of the constitution as governing the mode of procedure of special elections called for the submission of proposed amendments to the constitution. That subdivision reads as follows:

"The text of all measures to be submitted shall be published as proposed amendments to the constitution are published, and in sub-

mitting such measures and proposed amendments the Secretary of State and all other officers shall be guided by the general law until legislation shall be especially provided therefor."

The clear purpose of Subdivision II was to supply a guide to the Secretary of State and other officers in submitting measures and proposed amendments during the interim between the adoption of the constitution and the time when the legislature should meet and pass laws especially providing the machinery for holding elections on measures and proposed amendments. Chapter 1 Title 22 Civil Code 1913, passed in 1912, especially provides how and when elections on such measures and proposed amendments may be had and since its passage *Ex. and not Subdivision 11*, is the guide to the Secretary of State and all other officers in submitting such measures and proposed amendments.

Under the law unquestionably Section 4 of Chapter 85, which calls for a special election on November 8, 1921, and provides how such election shall be held and who shall be entitled to vote thereat as well, also the form of the ballot, is legislation and subject to the referendum under Subdivisions 1 and 2, Section 1, Article 4, Constitution.

If Section 4 had been entirely omitted from the proposed amendment it would have gone to the next general election as a matter of course, and since the time designated in Section 4 has, or will have, passed, and the date therein for the special election become an impossible date, the proposed amendment must necessarily take the natural course.

We do not deem it necessary to register our conclusions upon other points made in the pleadings and in the argument, having held that Section 4 is subject to the referendum."

This decision will permit a more thorough consideration of the matters of policy and principle involved in the proposed constitutional amendment, before the voters are called upon to act. And if the matter is finally submitted to voters, it will be at a general election where a more full expression of real public decision will result, than if such an important measure were acted upon at a special election.

This Magazine will continue to discuss House Bill 83, in future issues.

INCREASED TAXATION IN COUNTIES

After considerable effort in the way of computations there has been prepared a table showing the total amount of taxes raised for county purposes of all the counties of the state, together with the tax rate per hundred of valuation as applied to each of the main funds of each county. All for the year 1921, and according to the tax rolls, county estimates, and tax rate levies upon and for county purposes for that year.

There has also been prepared a table which brings out the aggregate

amount for all taxes raised for county purposes throughout the state for each of the years beginning in the year 1915, and including the aggregate upon the rolls now being collected for 1921. These totals are given as aggregates under the different county funds as applied to county purposes.

The amounts in those tables do not include state taxes, nor do they include special district taxes which may be levied for special purposes of school districts, road districts, and irrigation dis-

tricts. The tables include only such amounts as were levied for collection as taxes spread upon all the taxable property of entire counties for each of the years referred to.

The table also shows the different assessed valuations of property for the different years referred to.

The grand totals of County taxes, in annual tax levies for county purposes only, has increased from \$2,992,595.58 as the total for year 1915, to \$6,894,-

(Continued on page 4)

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Increased Taxation In Counties

(Continued from page 3)

897.48 in year 1921. A net increase of over \$3,702,000.00 during the period. The total assessed valuations of the property bearing the burden of taxes has increased from \$420,432,411.90 to \$830,536,582.00 during the same period. The taxes are levied and collected from property which has apparently increased in values. But in many instances the real increase in values is a matter of figures and not based upon actual conditions warranting such increase. The valuation figures fail to reflect the actual condition of the entire population of the state which are conditions directly connected with the ability of that population to earn and pay taxes. The ability to pay taxes is so closely linked with the aggregate of taxes to be paid, that tax-roll valuations of the property of persons who must pay, is of slight importance in dealing with the question of actual increase in the amount demanded and collected from taxpayers to meet public expenditures. A man may be property poor in that connection. From the tables, it also appears that amounts levied for the general fund of counties has increased from \$1,295,844.44 in 1915, to \$1,983,074.74, in 1921. As the general fund of the counties is the fund from which the main activities of the counties are supported, and from which salaries and expenses of county offices and officers are paid, this increase from one year to the other may be explained in part at least as in keeping with a normal increase in county business re-

quiring more expenditure. It must also be noted that the legislature has increased county salaries at different times during the period referred to. That more county activities have been created. Also that the county salary law has made possible an increase in the numbers of deputies that the business of the county may be conducted, leaving to the head of each county office the power to determine, how many employees are necessary in his office to conduct the business thereof, subject only to the consent of the board of supervisors, which consent has usually been forthcoming as a matter of course. Still an increase of nearly \$700,000.00 in the aggregate of general funds for expenditure in the counties, is an increase which will still require some explanation as to necessity, other than the excuse involved in normal increase in ordinary county activities. In this connection it must be remembered that the figures of the tables do not include the "other sources of county revenues", which in turn include fees of county recorders, of the superior courts, of the sheriffs, jury fees, fines and penalties, and other amounts which have come into the county treasuries. have been placed in the general fund in addition to the amount of taxes referred to in the tables, and also expended for county purposes. A general statement in connection with county expenditures can be made to the effect that as a prevailing rule, the number of assistants, employees, and extra expense, seems to be planned to meet the "peak of the load," continued at such peak, regardless of the fact that the required activities may and are at times very much under the requirements at

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21 West Washington street, Phoenix, Arizona.

County Valuations and Tax Rates for 1921, Showing

	GENERAL FUND			ROAD FUND	
County	Assessed Valuation	Rate per \$100.00	Amount Raised	Rate per \$100.00	Amount Raised
Cochise	\$156,258,080.00	.1673	\$261,419.77	.1318	\$205,948.15
Gila	145,974,824.00	.0963	140,573.75	.2011	293,555.37
Maricopa	129,841,675.00	.25	324,604.20	.085	110,365.43
Yavapai	122,360,179.00	.2231	272,985.55	.07732	94,608.89
Pinal	65,408,019.00	.18518	121,122.57	.10014	65,499.59
Pima	61,314,380.00	.2826	173,274.44	.1823	111,776.11
Greenlee	35,502,750.00	.2716	96,425.47	.2395	85,029.09
Mohave	22,925,888.00	.5496	126,000.68	.1996	45,760.07
Yuma	22,156,807.00	.5722	126,781.25	.208	46,086.16
Coconino	21,007,121.00	.1755	150,305.97	.2587	54,345.42
Graham	13,487,202.00	.0700	9,441.04	.2536	34,203.54
Santa Cruz	13,019,995.00	.563	73,302.57	.0691	8,996.82
Navajo	12,145,669.00	.47	57,084.64	.2552	30,995.75
Apache	9,133,993.00	.5447	49,752.86	.1935	17,674.28
	\$830,536,582.00		\$1,983,074.74		\$1,204,844.67

certain periods of the year. That an assistant or deputy once appointed to meet an extra service emergency, is often continued in service long after that emergency has passed. Once an employee always such, seems to be the prevailing rule. True economy might be accomplished by changing that rule.

The county road funds for year 1915 were \$552,079.45, increased to \$1,204,844.67 in 1921. An aggregate increase for that purpose of over \$652,000.00. This increased amount for county road purposes does not include the amounts of county bond issues of the several counties in the state, which amounts have also been raised and either fully expended or in course of expenditure. The amount of such bond issues is a subject outside the subject of this article. The effect of such bond issues is shown in connection with the aggregate shown by the table under the head: "Bond Interest and Redemption Fund." The total amount of interest and redemption funds raised by all the counties of the state in the year 1915, was \$291,154.88; that amount has increased to \$1,205,390.49 on the tax rolls of 1921. Increased over four fold within the period covered by the tables.

Arizona is in earnest in its attempt to build up a common school system not to be surpassed by any state. But when taxpayers are looking to the causes which have increased the tax rates, and increased the taxes which they are required to pay, it must not be overlooked that in 1915 the total amount raised for common schools in county taxes was only \$853,516.81, which amount increased to an aggregate of \$2,501,587.58 in 1921. Latter amount not including special school district levies, which have also

increased in amounts, and are found in the taxes of property owners in the different districts, in addition to school taxes spread over all the property of and in each county. The school population of the state has not increased three fold since 1915. The entire population of the state has not increased that many times in that period. The number of schools in the state has not increased in the same proportion as the amount of taxes for school purposes has increased. The increase has been made in an effort to build up the school system. It may be true that the increase has come about through the fact that there are too many units of control, all attempting to do the same thing at the same time. That too many different ideas are being used as to the real requirements and real necessities of a successful and efficient common school system. That through the manner of doing things to the same end, with too many agencies acting more or less independently of every other agency, it may be possible that costs are duplicated, unnecessary expenditures are made, with the result that the people of the state are paying more for the common schools of the state than is necessary. Advocates of a county unit system of control of common schools all urge that such a unit system would lessen the cost and actually increase the efficiency of the system itself. Advocates of the present system who may also really oppose a change to the unit system for reason of ideas which are entertained that the control of common schools should be a matter of "home rule" control, seem to cling to that idea to such an extent that it more or less clouds a candid consideration of the advisability

of a change. With the tax rolls of 1921 showing an amount which nearly triples the amount raised by counties for schools in 1915. With an aggregate increase of \$1,650,000.00 shown to have been made in taxes for that purpose during that same period, if taxpayers are really looking for places where expenditures may be decreased that taxes may be decreased in aggregate amounts the question of amounts raised by taxation for the common schools is at least subject to some attention.

A review of the whole situation as disclosed by the tables which are referred to above, and which are printed in connection with this article, disclosed the fact that in county taxes, as well as in the figures of city, town, and state taxation, there appears the problem of eliminating some demands requiring expenditure by applying some rule as to real necessity, distinct from what may be classed as demands upon ideas of convenience, public front, and the like, which are not immediately necessary. The elimination seems to be demanded along some such lines, that the aggregate amount of taxes be so reduced that it will drop to a level within the present ability of the present public to pay taxes.

An actual state of public bankruptcy is unknown to history. There have been times when the burden of maintaining governments have been so great as to mean a condition of bankruptcy surrounding the citizens who were called upon to carry that burden. There is a limit which if reached may mean the breaking point. A halt must be called before that breaking point is reached in Arizona.

Amounts to be Raised for the Various County Funds

SCHOOL FUND		BOND INTEREST & REDEMPTION FUND		TOTAL COUNTY TAX	
Rate per \$100.00	Amount Raised	Rate per \$100.00	Amount Raised	Rate per \$100.00	Amount Raised
.1859	\$290,483.77	.0650	\$101,567.75	.55	\$ 859,419.44
.1604	239,398.70	.0276	40,289.05	.4890	713,816.87
.4975	645,962.36	.18	233,715.00	1.0125	1,314,647.01
.15399	188,422.44	.15159	185,485.80	.606	741,502.68
.22892	149,732.04	.21892	141,209.37	.73013	477,563.57
.4312	264,387.61	.2239	137,282.90	1.12	686,721.06
.3232	114,744.89	.1957	69,478.88	1.03	365,678.33
.2772	63,665.19	.3131	71,780.96	1.34	307,206.90
.428	94,831.13	.3918	86,810.37	1.60	354,508.91
.4894	102,808.85	.0787	16,532.61	1.5423	323,992.83
.6508	87,774.71	.1256	16,939.93	1.10	148,359.22
.592	77,078.37	.4139	53,889.76	1.638	213,267.52
.8729	106,019.54	.1919	23,307.54	1.79	217,407.47
.8351	76,277.98	.2967	27,100.55	1.87	170,805.67
	\$2,501,587.58		\$1,205,390.49		\$6,894,897.48

Some Facts as to How County Unit System Might Decrease Cost of Schools

At this time when the matter of getting cash funds sufficient to pay teachers' salary warrants, and other salaries connected with actually running the public schools of the state, is a problem which is trying the wits of local school boards, due to the fact that current tax collections are slower than in ordinary years, the matter of other costs of the schools as actually maintained in the many districts of the state should also be considered. It is not enough that salaries are paid, that cash is somehow made available for such payments, it is true also that every other item of expense becomes a bill against the school district, and sooner or later must be paid. If not paid promptly, or if those other bills are contracted with full knowledge that the creditor must wait for his money, that creditor in most cases protects himself from loss through that delay by adding to the face of his claim by indirectly increasing the prices charged.

Too Late to Change School Laws

It is too late at any time between legislative sessions to change the school laws, just as it is too late to change any other law of the state, through which funds to be received from taxes are expended long prior to that receipt, and the state, the counties, and the school districts, pay extra prices, pay interest upon registered warrants, or the public discounts such warrants, for reason of actual shortages of cash in the public treasuries.

Not Too Late to Decrease Incidental Expenses of Schools Where Possible

It is not too late at this period in the school year to look to the "miscellaneous expenses" connected with schools. It is not too late to make every effort possible to reduce those miscellaneous expenses to the minimum. Successful use of such efforts will result in saving

of interest, will result in saving of discounts, and will do what is the main thing, tend to show that schools can be successfully operated with many of what are now called miscellaneous items of expenditure, eliminated from the actual cost of schools to the public.

Of course there is no board of school trustees in the whole state out of the whole total of some 485 school districts in the state, which intentionally over expend in the way of miscellaneous items of expense. Those expenses seem to grow up in amount, one year after another, until the list of last year's miscellaneous items becomes a fixed list for this year with new items added thereto as a matter of course. The question: "what was done last year" is too often asked in connection with out of the ordinary proposals involving expenditures. It is too often the case that the above question is asked, and becomes the basis for action, in place of any real consideration as to the real necessity for what is presently proposed. If the expense were in fact incurred as to similar subjects, similar objects, or similar purposes, in the past, that fact is too often sufficient to determine in favor of doing the same thing again. Why it was done, should it be done, is it necessary, can we afford it this year, and similar matters of inquiry, do not seem to come to the minds of those who have control of expenditures. Those in control simply follow in the footsteps of their predecessors, raise funds and make provisions for so doing, and add thereto new items which to their minds are also necessary. The result is that the aggregates of expenditures made under the head of miscellaneous expenditures, seems to increase faster with greater proportionate increase than expenditures under any other general head.

How Incidental Expenses of Schools Have Increased

Those who would challenge the correctness of above statement as to increased amount of miscellaneous items in connection with the support of schools would do well to examine the last printed report of the superintendent of Public Instruction, covering the fiscal year ending June 30, 1920. In that report will be found the aggregate amounts expended in each county of the state under the head of "expenditures." Subdivided into aggregates "a," "b," "c," and "d." If the reader cares to follow through the several pages of that report, having in mind items headed "c" which includes items of expenditures for miscellaneous purposes, that reader will find that in Apache county \$781.45 was expended under that head for previous fiscal year, and this amount was increased to \$5,025.99 for the fiscal year ending June 30, 1920. Going to Cochise county, the figures for the two years are, in order, \$178,388.24 and \$220,338.60. Cochino county shows figures under the same head of \$5,988.05 increased to \$8,284.53; Gila county shows first, \$94,410.35, increased to \$124,362.91; Graham county shows \$18,309.24, and \$28,594.28 for the two years; Greenlee county shows \$86,992.59 increased to \$109,224.00; Maricopa county shows increased expenditures more striking than any of the above, the figures for the year ending June 30, 1919, being \$285,944.24, with an increase to \$427,780.30 for the year ending June 30 1920; Mohave country shows no substantial increase, the figures of that county are \$6,046.85 and \$6,166.55 for the two years; Navajo county actually shows a decrease from \$42,169.83 to \$41,090.26 in the two years.

Comparative Statement of General County Taxes for the Years 1915 to 1921, Inclusive

Year	Assessed Valuation	General Fund	Road Fund	School Fund	Bond Interest & Redemption Fund	Total General County Taxes
1915	\$420,532,411.90	\$1,295,844.44	\$ 552,079.45	\$ 853,516.81	\$ 291,154.88	\$2,992,595.58
1916	486,406,518.50	1,286,732.06	521,006.50	901,136.77	390,426.12	3,099,301.45
1917	697,526,619.68	1,588,476.95	677,628.79	868,898.48	416,612.70	3,551,816.92
1918	834,020,532.22	1,756,830.50	750,572.07	1,097,623.56	527,946.92	4,172,973.05
1919	855,224,720.93	1,980,953.77	1,016,715.47	1,439,359.06	589,853.32	5,026,881.62
1920	884,455,682.50	1,899,732.80	1,228,385.68	2,072,152.89	873,208.27	6,073,479.64
1921	830,536,582.00	1,983,074.74	1,204,844.67	2,501,587.58	1,205,390.49	6,894,897.48

nder comparison; Pima county comes to line with increased amounts from \$17,218.71 to \$426,111.88 one year and the other; Pinal county shows a conservative increase, with figures of \$2,761.64 and \$50,344.21; the same may be said of Santa Cruz county with miscellaneous expenditures amounting to \$22,390.30 and \$26,18.83 for the two years, respectively; Navapai county increased the amount of miscellaneous expenditures from \$72,352.92 in 1919, to \$100,589.02 in 1920; Yuma county increased from \$35,506.67 in 1919 to \$1,347.87 in 1920.

An Increase of Incidentals of Schools of State \$417,000.00 in One Year

In the whole state, as shown by the Superintendent's report from which the above figures are taken the total expenditures of the schools for the year ending June 30, 1919 was \$1,218,323.48; this amount was increased to a total of \$1,635,279.23 as the aggregate of such expenditures for the year ending June 30, 1920. In other words, under a list of items of expenditure in connection with public schools, classed as miscellaneous, the tax rolls for 1920 included an increase of \$417,000.00 over what was expended for those same purposes in the previous year. More than a thirty-three and one-third per cent increase in one year. This increase has nothing to do with the payment of teachers. Any increase which may have been necessary in the

amount of salaries paid to teachers is fully accounted for in the aggregates under "a" in the report, that head of "school maintainance," which shows its own increase from \$2,314,573.42 for the year ending June 30, 1919, to the greater amount of \$3,146,108.62 for the year ending June 30, 1920.

The thought that comes to one who studies the above figures is as to why it costs so much more in the way of incidental expenses of the public schools one year as compared to another. A connected thought as to why those expenses are so much more, both in aggregates, and in proportion of increase, in some counties than in other counties, in the cities as compared to the more rural schools. It would seem that if the schools were uniform and equal as to school purposes, more uniformity would appear, there would be more of a proportionate connection and equality as to miscellaneous items of expense, than appears to be the case from figures given above.

The same purchases as incidental to the schools cannot cost so much more in one locality than in another. Nor should the incidentals in the aggregate in one county be out of proportion to the school population of that county as compared with that of another. Yet the figures of incidental items of expenditures, were in fact increased in counties, to amounts which cannot in comparison be equalized with like ex-

penditures in other counties on any ratio basis.

Will the Unit System Eliminate Unnecessary Incidentals

Starting then with the idea of uniformity in school facilities throughout the state, as connected with the entire common school system of the state, same is radically wrong. Either there is not the desired uniformity, or else some districts are paying too much for what is necessary in the way of miscellaneous support of schools therein. It all comes back to the modern idea of a centralized unit for schools. Such a centralized unit as will have power to purchase all supplies for all schools. Such a centralized unit power as may prescribe what shall, and what shall not be incidental to the educational facilities to be afforded in our public schools. Such a unit system as will confine expenditures from school funds to strictly school purposes, and eliminate every side light and other thing which may have grown into that system in any quarter.

The public are willing to support their schools. They are interested enough to have those schools supported in a business-like manner.

The figures presented above give grounds for investigation as to some economical change in the matter of use of school funds. Whether the unit system will do the work or not, some system must be devised which will do it if the unit system will not.

EDUCATIONAL PURPOSES IN ARIZONA FINANCES

The question of placing the University of Arizona in the front ranks among other similar institutions of learning is one of the questions which seems to have been answered to the effect that it shall be so placed. The question of an unlimited use of money for that purpose is a question which concerns every taxpayer of the state. Should the university authorities be given blanket power to expend to the desired end. Should that power be so extended that no publicity whatever be given as to how it is expended, or should the public be taken into the confidence of the management of the state university to such an extent that the aims and ambitions of that management be thoroughly presented to the public, with all details of what is planned, the probable cost thereof, and with all that done, then the resulting cost to the public will come with advance knowledge of the real why of that cost.

Everyone Desires Progress in All State Activities—Sure Progress Not Waste

The real situation should be no different in connection with the educational institutions of the state, than it is with other institutions and departments. The whole people are looking to progress and development in every line of state activities. Looking to such steps being taken as will tend to the best results not only for the benefit of the present people but for the future. The desires for progress are desires which cannot at all times be entirely satisfied without limit. Rome was not built in a day, nor were all the roads which lead to Rome from all quarters of the then known and civilized world, built in a year. The wealth of even the Roman conquerors, taken from the treasure stores of the world was not sufficient to build, except slowly, all that made Rome glorious to the

ideas of Romans in the days when luxurious magnificence marked every public work of that time. Rome crumbled and fell as the result of too much luxury, too much extravagance, and from both practiced in private and in public alike, and so practiced without restraint. The public of Arizona is imbued with progressive spirit. The funds with which to carry out progressive ideas are taken from the tills of the merchant, the crops of the farmer, and the wages of the workers, earned by the sweat of many brows. The public must foot their own bills. If there were no other problems connected with the amount of public taxes, as the amounts of those taxes are now in an aggregate required for support of public enterprises, than the simple problem of taking taxes from ample funds, surplus and reserve funds of individuals, to make up that aggregate total of public taxes, the whole matter would be controlled by conditions

wholly different from what exists at present. What can be done in public activities during times of plenty and times when the people are "flush with money," is entirely different from what can properly and consistently be done, when instead of being flush, the public at large are striving with the question of existing, are confronted with financial stringency results in every avenue of private business, are confronted with an actual necessity for retrenchment in private expenses and all private expenditures, or faces financial ruin otherwise.

The Meeting of Present Financial Demands Sufficiently Burdensome at Present. The Future Must Care For Itself.

The people of Arizona have willingly contributed without stint and without question as to aggregates of amounts expended, in blind faith, all to the end of building up an unexcelled educational system in Arizona. Included in that system are the normal schools and the state university. There is no change of heart in the matter. The people still have the same desire. But, there exists a feeling among many of the people that the same scrutiny should be given to the finances involved in supporting the educational institutions of the state, as is being given to every other public purpose involving expenditures which result in taxation and increased taxes. That feeling is not due to any change in the hearty support of the public to every necessity which pertains to any department, office or institution of the state, of the counties, or other municipal branches of the state. That feeling comes from a sense that all public activities should be confined to present necessities, rather than attempting to extend the facilities for public activities beyond the present, to meet increased demands of the future. That feeling is practically forced upon the public in connection with general financial conditions from which the public at present sees no relief in sight. Arises in fact from conditions as to which the public is forced to mark time and await developments which may bring relief.

It Is Sufficient Progress under Present Conditions to Preserve Existing Status.

Every activity should be so conducted as to preserve its status intact. Whether any activity should be developed where that development will be one entirely for the benefit of the future, is the question which must be dealt with at present. If the state, with full regard to the present needs, can hold its own pending the present crisis, it will be bet-

ter able to make haste more swiftly when that crisis is past. If it attempts nothing more than to keep its present place in line, without actually being forced to the rear, it will by so doing hasten the time when the present financial stringency will pass away.

The Amounts Devoted to Educational Purposes Attracts Attention of Economists

The public school system and other educational institutions of the state might escape from any consideration at all from the standpoint of the amount of funds now devoted to their support, if it were not for the fact that over fifty per cent of all tax-raised funds are now used for those purposes. Incidental to the same reasons which has brought forth a more or less public demand for information concerning all public expenditures, and which directs some attention to the amount of public funds involved in connection with those institutions, is the fact that the amounts appropriated therefor were largely increased by the 1921 legislature, over the amounts of former appropriations. It is only natural that the public should mildly inquire as to why these particular appropriations should be increased by a legislature which went at the matter of all other appropriations with an idea of retrenchment and actual reduction in many cases, as to amounts appropriated.

Unusual Provisions as to Use of University Funds Also Attracts Investigators Looking to Economy

Not only were the appropriations increased, but under the new laws those appropriations will continue to increase in proportion as the value of the taxable property of the state increases year by year. An increase in amount of funds appropriated, regardless of any actual increase in the amount really required for the purpose. Not only will the amount for expenditure be automatically increased year by year, but as to the purposes for which all appropriations may be expended, there is no limit or direction as to objects for which same may be used. So much per year for university purposes in the language of the present appropriation law pertaining to that institution, with no legislative direction as to how much thereof may or shall be used for actual maintenance, how much for upkeep of present properties and buildings, or how much for new buildings and improvements, is language so at variance with every appropriation to every other public purpose, so out of line with all ideas of a "budget system"

to cover all public expenditures, as to challenge the attention of the public.

Not a Case of Good Faith But Required By Existing Conditions

The good faith of those who have the control and are shaping the course of the progress of our educational institutions is not questioned, when without so doing, their attention is called to the fact that in their zeal for results, they may have overlooked the financial situation. The most that might be said is, that those in control of the immediate activities calling for funds, are educators not financiers. In the present situation the question of educational facilities must be considered as governed to a degree at least by the financial conditions. The two go hand in hand more at this time than in the past when conditions were different.

Concealment Creates Suspicion. Latter May lead to Curtailment in Funds to Less Than Actual Necessities

Concluding the whole subject it may be said that when taxes are increasing in ratios of fifty per cent per year, there is no particular public activity which should be exempt from the application thereto of every rule of economy which is to be applied to every other activity. That money is raised by taxation for educational purposes, is no reason at all, for not giving the same strict attention as to the use of that money, as would be given to money raised to meet the expenses of any minor officer. The day of unlimited expenditure for public purposes of any kind has passed. The business of expending money is public business. The public should know how and why money is expended. The failure of officers to let the public in on the ground floor as to the whys of any expenditures, is a failure which at present creates suspicion in the minds of many of the public that the "why" is not one of real necessity. No good can follow the concealment of real facts as to real necessities, in any instance whatever; actual harm may result from that concealment, and will so result in event unsatisfied public suspicion is aroused to such an extent as to curtail amounts below what is actually necessary, rather than continue to contribute in uninformed silence.

No insinuations are intended from this article. Its words are of suggestive intent and purpose only. If the increased amounts which have been taxed for all educational purposes are really warranted by necessities, then the sooner the public is advised to that effect, the sooner that public will look in other places for items where reductions may be made towards a decrease in taxes.

DEC 10 1921

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Phoenix, Ariz.
Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT

PHOENIX, ARIZONA, NOVEMBER, 1921.

NUMBER ELEVEN

Total Valuations of all Counties of Arizona for the Year 1921 and Percentage of Total State Valuation

COUNTY	ASSESSED VALUATION	PERCENTAGE OF TOTAL STATE VALUATION
APACHE	\$9,133,993.00	1.10%
NAVAJO	\$12,145,669.00	1.46%
SANTA CRUZ	\$13,019,995.00	1.57%
GRAHAM	\$ 1 3 4 8 7 2 0 2 0 0	1.63%
COCONINO	\$21,007,121.00	2.53%
YUMA	\$22,156,807.00	2.67%
MOHAVE	\$22,925,888.00	2.76%
GREENLEE	\$ 3 5 , 5 0 2 , 7 5 0 . 0 0	4.28%
PIMA	\$61,314,380.00	7.38%
PINAL	\$ 6 5 , 4 0 8 , 0 1 9 . 0 0	7.88%
YAVAPAI	\$ 1 2 2 , 3 6 0 , 1 7 9 . 0 0	14.73%
MARICOPA	\$ 1 2 9 , 8 4 1 , 6 7 5 . 0 0	15.62%
GILA	\$ 1 4 5 , 9 7 4 , 8 2 4 . 0 0	17.58%
COCHISE	\$ 1 5 6 , 2 5 8 , 0 8 0 . 0 0	18.81%
	<hr/> \$ 8 3 0 , 5 3 6 , 5 8 2 . 0 0	100.00%

EDITORIAL COMMENT

WHAT THE PEOPLE ARE DEMANDING

Under the above title **The Arizona Republican** of a recent date prints an editorial as follows:

What the People Are Demanding

The time has come in this country, as never before in our history for the employment of every economy and every kind of thrift in our public affairs. This time has come to every state, to every county and every municipality. The American people have always been lax in this respect and nowhere has there been greater laxity than in Arizona. Nowhere is there a greater need of entering upon and keeping a new course.

We are facing reconstruction under unusual difficulties, with heavy tax burdens, with decreased prices of the products of those industries which have made Arizona so prosperous in the past—copper, cattle, sheep, cotton, hay, grain and all those sources of our wealth. We can meet these conditions only by the exercise of rigid economy.

It will be easy enough for individuals to do this for there is nothing else for them to do. But the state, the counties and the cities must do it likewise, and the public officer who neglects to do it is preparing a sorry time for himself. Never before were taxpayers so resentful of extravagance and waste of the money which is taken from them for the support of our various governments. Every expenditure is being carefully analyzed and the results of these analyses will be made known in the approaching campaigns.

Government must do what the people can have no choice but to do—to do without what is not urgently necessary, to demand the highest efficiency from employes to dispense with seat warmers, and, in short to insist that there shall be the same economy and thrift in public affairs that burdened citizens are compelled to practice in their own affairs.

We have indulged in the same wild extravagance here that the people have done everywhere. While the central government began to think in billions, the states, counties and cities began to think in millions. Money was so abundant, and prices were so high—that is to say money was so cheap that we took little account of it. The day laborer paid \$18 for a silk shirt. The government, federal and on down made as wild and useless expenditures. And they kept on until the pinch came, when prices of commodities and labor shot down; that is to say, when money became valuable again, and hard to get.

The individual has retrenched but govern-

ments have not done so. As a matter of fact they were always extravagant, careless of the expenditure of the people's money. It was so easy for them to get it. There were so few checks upon the expenditure of it—and in the old times, the people apparently cared so little. But we are in other times now. The people are demanding an accounting.

Arizona at the bottom is all right. Its wealth is here ready for conversion. The people have courage, good sense, initiative, and determination. There is no other section of the country that will reconstruct itself more rapidly and they demand that their servants whom they trusted and elected shall perform their part in the work of reconstruction.

The ideas as to public economy and retrenchment as above given space in that paper, are in direct line with what has been advocated by this Magazine ever since it began to speak to the people of this state. Retrenchment and economy are similar in meaning when matters of public expense are under consideration. Economy at all times to such an extent that no matter to what extent public activities may go, nor how much may be the aggregate of all funds available therefor, **those funds will be expended direct to the mark of the purpose intended, and not be diverted to incidentals forced into, but not actually necessary to the end sought.** Retrenchment at times when the general financial situation of the public is such that it cannot afford to undertake new activities, which involve additional taxation, or retrenchment directed to holding necessary activities within the minimum of cost therefor, as a means of reducing the public burdens of the people imposed by taxation.

A great many people seem to be imbued with an idea that the public can afford anything and everything, without limit as to times, circumstances, or conditions, which surround the individuals who compose that public. Economy means that at no time and under no circumstances whatever can the public really afford to expend more than is actually necessary to an efficient accomplishment of public purposes in hand for such accomplishment. Retrenchment means a reducing of the number, objects and purposes as to activities attempted by the public, to such as are absolutely

necessary to strict governmental purposes, a means to be interposed and used according to the conditions, times, and circumstances surrounding the public at different periods. At no time do the words economy and retrenchment mean cessation of public activities. At all times either means a keeping of public expense within such amounts, and in performing the necessary functions of government, without surplus and unnecessary overhead expense. Either word means, that at all times there should be weeded out from public activities, every activity which no longer tends to promote public good, or which no longer tends towards progress and advancement. Both words mean, and so mean at all times, that every extra wheel, in the machinery of government be eliminated, if with what is left, a smoothly running governmental machine may remain and still accomplish the same public results and give the public the same actual beneficial results as were given before such elimination. That meaning of both words, applies to the general departments, institutions, commissions, and offices, having in hand the general supervision and control of different portions of public work, public objects, and public purposes, required in a perfect government. Those same words extend an applied meaning into each department, each institution, each commission, and every public office, a meaning which requires that every extra cog in the wheel of the machinery of any such department, institution, commission and office, be eliminated, if economy be practiced at all times, and retrenchment is possible when required.

There may be too many offices, commissions, departments, and institutions, with the above outlined meaning of the words: "Economy" and "Retrenchment" applied to what is really necessary in public affairs. There may also be too many "wheels within wheels," in the sense of there being too many subordinate branches under the main heads, or, too many assistants and employees therein. Economy and retrenchment means an eliminating of each and both, wherever and whenever possible, with an efficiently working system for the full performance of all necessary pub-

lic functions still remaining to perform those necessary functions.

There should be economy, in the real meaning of that word, at all times, under all conditions, and regardless of the circumstances of the members of the public. There should at all times be practiced such a retrenchment as will eliminate everything that is unnecessary, regardless of whether the public can or cannot afford to pay what follows for payment without retrenchment. There are times, like the present, when retrenchment must and should be applied to all public purposes, prospective as to

time of performance, due to the fact that the public cannot afford to pay for everything which every demand of every person if satisfied, will require in the way of taxes to meet the final cost of all such demands so satisfied.

It is easy to acquire habits, which require for their continued exercise and indulgence, the expenditure of money without thought as to amount or real benefits to be derived therefrom to the person. It is not so easy to change those habits, at times when the money with which to indulge is not easily forthcoming. The individual is forced to retrench,

when his pocketbook is empty. The public should retrench when the pocketbooks of individuals of that public are either empty, or nearly so. The idea that the public can afford everything at all times, is a mistaken idea, particularly so when the individual members of that public are straining every effort to make "both ends meet."

The only real solution of the whole matter of increased public expenditures, so solved as to reduce excessive taxes, lies in an actual application to public affairs of the true meaning of the words: "ECONOMY" and "RETRENCHMENT."

If House Bill No. 83 Is Adopted How Many Bonds May Be Issued?

When it comes to a question of changing the policy of the state as to the matter of permitting state bond issues, one of the most important questions to be considered by the voters will be how many millions of dollars of bonds may be actually issued under the authority of any constitutional amendment adopted by those voters, permitting bond issues at all. It must be borne in mind that under the present constitution of the state of Arizona, and under what up to now has been the fixed policy of the people, no bond issues are possible. The constitution provides for no such issues, limits the amount of debts which may be contracted by the state to the sum of three hundred and fifty thousand dollars, and permits debts to that amount only for the purpose of supplying casual deficits or failures of revenues, or to meet other expenses not otherwise provided for. There are two constitutional provisions proposed by the last legislature, each having a purpose to permit bond issues. The one, a proposal to issue bonds for state purposes not to exceed in amount "four per centum of the amount of the taxable valuation of property of the state," the other, "House Bill No. 83," as to which the question is how many bonds may be issued thereunder, in the event the people do adopt it.

The Supreme Court recently decided that the referendum against section three of House Bill No. 83, (that provision as to a special election for that proposed constitutional amendment), was a good referendum. So, unless still more questions are raised in the courts, the measure will come up for vote at the next general election.

The title of the bill, as it will appear upon any election ballot is:

"An act, proposing to amend the constitution of the state of Arizona, by amending Section 5, of Article 9, thereof so as to provide for the issuance of state bonds to promote and assist in the reclamation and irrigation of arable and irrigable lands within the state of Arizona."

There is, in that title no words of limit as to how far the idea of reclamation of lands may go, nor as to how many bonds may be issued for that purpose.

The legislature framed the act with an enacting clause, and in several sections, each bearing a separate number. Thus Section 1 of the act reads:—

"Section 1.—That it is proposed to amend Section 5, of Article 9 of the constitution of the state of Arizona to read as follows:—

Section 5.—The state may contract debts to supply the casual deficits or failures of revenues, or to meet expenses not otherwise provided for; but the aggregate amount of such debts, direct or contingent, whether contracted by virtue of one or more laws, or at different periods of time, shall never exceed the sum of three hundred and fifty thousand, (\$350,000.00) dollars, EXCEPT AS HEREINAFTER PROVIDED . . . IN ADDITION TO THE ABOVE LIMITED POWER TO CONTRACT DEBTS, THE STATE MAY loan its credit to promote and assist in the reclamation of arable and irrigable lands within the state lying within the confines of irrigation districts regularly organized and existing under the laws of the state of Arizona, and for such

purpose may create bonded indebtedness AND ISSUE ITS BONDS AS MAY be provided by law, whenever, etc."

followed by regulations as to a determination of when bonds can be issued, but the section 5 as it appears in House Bill No. 83, which permits bond issues, does not place any amount as the limit of bonds to be issued for reclamation purposes. So far as that section reads, it does expressly limit the amount of bonds to be issued for "casual deficits or failures of revenues," or to "meet expenses not otherwise provided for," to the sum of not to exceed "three hundred and fifty thousand dollars," but it follows the limitation in that regard by the two phrases or clauses, reading: "except as hereinafter provided," and, "for such purpose may create bonded indebtedness and issue its bonds as may be provided by law." Those clauses as quoted plainly referring to bonds issued, or to be issued, as a means of "lending the credit of the state to irrigation districts." Who is to determine whether or not, the real amendment of what is now Section 5, Article 9 of the state constitution, as that amendment was proposed to the voters of the state, does not in fact end with what is included in Section 1, of House Bill 83. That is a question involving much doubt and great uncertainty as to its real answer.

Section 1 of the act does say that the Section 5, Article 9, as amended, shall read as follows, and makes a complete section in form at least, all within the same section. House Bill 83 has, how-

(Continued on page five)

The Taxable Wealth of Arizona Shown by 1921 Tax Rolls

From the report of the proceedings of the State Board of Equalization a table has been prepared which shows under appropriate heads, the values of the principal classes of property in the state as the aggregate of those classes are distributed among and in the various counties of the state.

The fluctuations in values of property, such as mines, mining machinery, supplies, and property connected with that industry; as well as changes in the average head values of cattle, sheep, and horses as those values change one year with another, are changes due to general financial and industrial conditions of the country at large. Arizona still has all of its heretofore prominent mines, it still has nearly a million head of cattle of all kinds; nearly a million head of sheep, goats and swine, all as shown by the tax rolls. The numbers are not decreasing, even though the taxable values may appear less in the aggregate than any previous values for taxation purposes of other years. The property is still here. Whether the tax rolls of the year 1921 show more in the aggregate, or show less in the aggregate, for taxation purposes, than shown in some previous year, the fact remains that the energy of our people is still an asset which does not appear in values of dollars and cents upon the tax rolls of the state. Outside of what appears upon those rolls, that energy still remains, and is still being exerted to the end of developing more and more irrigated lands, more and more producing mines, more and more homes for city residents, and generally on all hands, throughout Arizona, its people more or

Valuation of Various Classes of Property For the

	APACHE	COCHISE	COCONINO	GILA	GRAHAM	GREENLEE	MAHON
Irrigated Land, or subject thereto & Improvements	\$ 354,184.00	\$ 240,685.00	\$	\$ 275,467.00	\$ 3,587,657.00	\$ 582,375.00	\$ 44,901.00
Dry Farming & Grazing Land & Improvements	657,904.00	4,734,387.00	2,220,226.00	196,611.00	904,096.00	292,355.00	5,420.00
Land Grants and Other Lands & Improvements	869,417.00	246,924.00	.....	221,140.00	16,592.00	897,100.00	.....
City and Town Lots & Improvements	274,827.00	13,379,249.00	2,193,004.00	5,847,769.00	796,325.00	1,179,406.00	37,517.00
Mining Property .....	.....	106,072,498.00	107,623.00	129,967,040.00	259,916.00	26,415,479.00	1,800.00
Saw Mills, Lumber & Timber	444,970.00	.....	1,065,827.00	.....	15,800.00	.....	.....
Banks, (Includ. real estate, Improv. & Personal Property).	178,261.00	1,776,500.00	470,413.51	770,821.00	267,360.00	350,847.34	32.00
Stocks of Merchandise	321,696.00	3,606,460.00	901,397.00	1,519,408.00	531,767.00	989,748.00	90.50
Household & Office Furniture	84,707.00	858,809.00	193,782.00	502,531.00	112,248.00	231,695.00	22.00
Motor Vehicles	85,317.00	1,822,368.00	452,361.00	1,067,101.00	334,917.00	258,486.00	63.60
Railroads	3,786,500.00	17,521,854.00	8,965,887.50	2,592,243.00	4,232,000.00	2,609,540.00	11,110.00
Telephone & Telegraph Lines	83,867.00	653,743.00	217,595.97	109,878.36	53,410.04	52,254.60	1,216.00
St. Rys., Gas, Electric light, power & water plants	108,000.00	2,300,137.00	108,340.49	345,945.00	36,140.00	765,134.00	1,719.00
Livestock of all kinds	1,730,493.00	3,590,559.00	3,877,526.00	2,886,074.00	2,398,809.00	1,436,039.00	2,112.00
All Other Property	274,335.00	1,182,550.00	465,526.00	243,692.00	233,324.00	190,790.89	5,518.00
	3,254,442.00	157,986,723.00	21,239,509.47	146,545,720.36	13,780,361.04	36,251,250.49	130,959.00
Less Exemption & Doubly Included	120,449.00	1,728,643.00	232,388.00	570,897.00	293,159.00	748,500.00	1,000.00
Net Valuation	9,133,993.00	156,258,080.00	21,007,121.47	145,974,823.36	13,487,202.04	35,502,750.49	129,840.00

less hardened to trials and adversities as a daily incident to life itself, are immune to such an extent, that the hopes of that people for the future are not dimmed by anything present, that people are continuing to plan and continuing in its ceaseless endeavor to the end of still greater progress for Arizona, in the development of its natural wealth and natural resources. Arizonans make stepping stones of past losses, and past disastrous experiences, and thereon step up to surer, safer, and more certain results for the future.

No matter what tables of figures of values may show, no matter where the material taxable wealth of Arizona may be located for tax purposes, the real wealth of Arizona lies in the latent energy of its people which becomes manifest when exerted for the purpose of a

greater Arizona. Regardless of fluctuations in values of material things, which in the long run are no more than tools in the hands of an always progressive people, that latent wealth of energy will always take Arizona onward and upward.

IF HOUSE BILL NO. 83 IS ADOPTED HOW MANY BONDS MAY BE ISSUED

(Continued from page three)

ever, four distinct sections. Section four thereof, has already been declared by the Supreme Court to be a "legislative" provision, as distinct from a "proposed constitutional amendment" provision, as being legislative in character, was subject to the referendum.

Section 2, House Bill 83, reads:—

"Section 2.—It is hereby further provided that the state shall not be responsible or liable for more than five per cent (5%) of the state's total taxable valuation; and it is hereby further provided that the state shall not be responsible or liable for more than one and one-half per cent, (1½%) of the state's total taxable valuation for any one project."

This section "2" is in a distinct paragraph of the bill itself. It recites that it is a further provision. If Section 1, of House Bill 83, is a complete section, and is in fact the entire amendment as proposed, then section "2" of the same bill is no more than a law. It will not become part of the constitution at all. As a law, the next legislature can amend

(Continued on page six)

In Each County of the State of Arizona Year 1921

	MOHAVE	NAVAJO	PIMA	PINAL	SANTA CRUZ	YAVAPAI	YUMA	TOTALS
\$	34,525.00	\$ 238,741.00	\$ 1,691,875.00	\$ 2,468,530.00	\$ 408,661.00	\$ 1,020,258.00	\$ 5,553,956.00	\$ 61,364,064.00
50	386,875.00	769,142.00	2,469,325.00	4,822,865.00	635,704.00	1,631,414.00	1,717,066.00	26,849,215.00
...	784,151.26	1,079,355.00	214,330.00	.....	1,146,476.00	930,546.00	17,412.00	6,423,443.26
...	1,296,885.00	1,975,208.00	15,390,070.00	1,843,311.00	4,624,040.00	6,134,805.00	2,362,651.00	95,389,334.00
...	8,302,276.00	28,780.00	24,204,923.02	43,333,766.00	825,670.00	86,224,460.00	676,841.00	426,548,167.68
...	.....	2,300.00	3,000.00	.....	.....	.....	.....	1,531,897.00
...	185,929.20	298,729.00	1,298,031.82	319,639.00	496,028.00	1,449,489.00	445,988.00	11,579,036.87
...	645,455.00	790,274.00	3,322,668.00	647,569.00	1,373,366.00	2,581,520.70	836,080.00	27,137,929.70
...	138,537.54	232,931.00	712,182.00	175,187.00	307,679.00	732,985.75	158,520.00	6,656,804.29
...	317,175.00	294,196.00	1,701,245.00	410,123.00	452,707.00	1,074,835.00	636,857.00	15,283,309.00
...	7,603,200.00	4,589,360.00	8,211,741.74	8,308,737.00	1,738,934.00	11,765,865.00	8,077,350.00	101,199,299.60
...	210,800.71	107,578.00	433,828.36	198,794.51	93,545.00	332,706.80	197,435.12	3,979,038.83
...	517,852.00	265,297.00	599,200.00	7,500.00	334,014.00	2,556,699.88	170,430.00	9,896,623.37
...	2,479,625.00	1,369,451.00	1,828,697.00	1,923,516.00	1,105,951.00	5,697,328.00	474,550.00	32,974,842.00
...	108,675.00	269,773.00	407,082.00	1,069,741.00	137,774.00	656,677.46	192,377.00	11,288,316.35
...	23,011,960.71	12,311,115.00	62,488,198.94	65,529,278.51	13,680,549.00	122,789,590.59	22,302,712.12	838,101,320.95
...	86,072.54	165,446.00	1,173,819.00	121,260.00	660,554.00	429,412.00	145,905.00	7,564,739.54
...	22,925,888.17	12,145,669.00	61,314,379.94	65,408,018.51	13,019,995.00	122,360,178.59	22,156,807.12	830,536,581.41

ARIZONA TAXPAYERS' MAGAZINE

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IF HOUSE BILL NO. 83 IS ADOPTED HOW MANY BONDS MAY BE ISSUED

(Continued from page five)

or repeal it. Future legislatures can raise or lower the total of "five per cent," as the aggregate amount of state credit to be loaned to all irrigation districts. Or, future legislatures can change the amount now placed at "one and one-half per cent," to be loaned to any one project. In other words, in the event that section two of House Bill No. 83 is simply a law of the state, and not a proposed amendment of the constitution, then in event the real amendment as included in the Section 1 of House Bill No. 83 was adopted, there would be wide open authority in future legislatures to go to any extent in the matter of extending state credit to irrigation districts. There would exist in the constitution no limit whatever upon the millions of dollars of bonds which might be issued for that purpose, except the legislative discretion. By adopting such an amendment, the people would have no more voice in the matter. All that

they could do, and what they would be obliged to do, would be to provide tax money to pay interest upon those bonds, and finally pay the principal thereof, in event irrigation districts did not prove successful. The certainty, that of paying interest for years, would follow in each case, and would continue in each case, until the property of the irrigation district could be made to pay taxes for that purpose. The possibility that the state might have to finally pay the principal, is a possibility incident to any case, where one person loans his credit to another. That of paying if that other does not.

If there is any uncertainty as to just what House Bill 83 does propose in the matter of amounts of bond issues to be authorized thereunder, that uncertainty should be removed. The people should know, and know clearly and without upon. Until that doubt is removed, the people will not know to a certainty the effect of their votes, as to just how many bonds they may be authorizing in event House Bill 83 becomes a law, a constitutional amendment.

SOME PER CAPITA TAX FIGURES FOR ARIZONA

The per capita tax figures are used by some statisticians in getting at governmental costs. For illustration, Arizona with a population of 334,000 persons, including all whites, Indians, Mexicans, negroes and others, with a state tax aggregate of \$6,000,000.00, would for the purpose of comparing with other states stand in such list of comparisons with a per capita tax of \$17.80. The making of the list is very easy. Simply divide the gross amount of taxes by the number of people in the census and you get the per capita tax rate. Those same statisticians go down through the list of states, take the aggregates, make the divisions, place the result in a column opposite the names of the states, cities, or towns compared, and therefrom build an argument that this state, or that state is governed economically, or otherwise, and refer to the figures so made to support that argument. Such arguments are true. They do not depart from the premises upon which founded. They cannot be successfully disputed. For figures will not lie. The real trouble with such comparisons is that the premises upon which they are founded is not a practical one. That premises leaves out of consideration en-

tirely the real test as to whether or not any state, city, or town is governed according to the ability of the persons who pay the tax, to so pay. That premises leaves out of consideration the fact that the real burden of all taxation, may in some states fall upon the few, as compared with a burden of similar taxation falling upon the many, in other states, cities and towns. For instance, in Arizona with a total population of 334,000 persons, the last census gives over 43,000 Indians included in that total. Indians are not, except in rare cases, taxed at all. This is only one of several illustrations which might be given of the impracticability of using per capita tax figures for comparative purposes. For eliminating Indians not taxed at all in Arizona, that state would jump in the list of states from \$17.80 per capita, to over a \$20.00 per capita, if it is desired to know upon what per capita basis taxes are really paid in the various states.

Per Capita Figures Bear Upon Comparison With Public Benefits Received

Per capita tax figures are worthy of consideration from a practical stand-

point, for some purposes other than comparative purposes. Those figures have a direct bearing upon what it costs every man, woman and child to be governed. Those figures have a direct bearing when considered by every person in any state, city and town, when that person undertakes to estimate in dollars and cents, the actual costs to him or her of the benefits of government as received by him in the pursuit of happiness secure in life and property as a result of it all, whether received directly through state, county, city or town government. From that standpoint of cost as compared with benefits, the allied question of governmental necessities drops into the problem which should be worked out by every person interested in such questions. The question may then, perhaps, take the form of one put in words: "Is the cost of government too much as compared with real benefits received?"

Per Capita Cost of All Government in Arizona \$60.00 Per Person

Speaking directly upon the question suggested above, and keeping within our own state of Arizona, the figures show that the total taxes levied and to be collected for all purposes of govern-

ent, including state, county, city and town, government within the state, are over \$18,000,000.00. Using approximate figures, this aggregate of \$18,000,000.00 means that every one of less than 300,000 of the total number of persons in the state who may be called upon to pay a proportionate part of that aggregate of \$18,000,000.00, will stand charged with a payment of over \$60.00 per year. Our readers, who are in fact taxpayers will immediately say to themselves, so-and-so does not pay any taxes at all, and conclude that the figure of \$60.00 is wrong. Certainly that figure is wrong, if it should be taken to mean a figure per capita based upon the number of persons in the state who actually lived in the first instance visit the office of the various tax-collectors and there pay the amount taxed against their property. For, in round numbers, there are less than forty thousand actual taxpayers, whose names appear upon the tax-rolls, excepting perhaps, persons who pay a poll-tax, or per capita school tax. It can be admitted, that the per capita tax, if estimated on the basis of names upon the tax rolls, would run to over hundred dollars per name on an average throughout the state. Passing by the "so-and-sos" whose names do not appear upon the tax rolls, and bringing such persons into the comparison, they at first impression may think the estimation of per capita tax does not concern them. That they are not interested in how much it costs to maintain the government which they enjoy, because they do not directly contribute to the expenses of such government. All persons who may so think, really have another thought coming.

Using Accepted Census Ratios, There Are Not to Exceed 75,000 family Wage-earners in Arizona

Census reporters and estimators have a ratio for estimating the population, other than by actually taking a census. They first get a line on the number of voters. Or did so, at the time the voters were males only. From that line, they estimated five persons in population to one voter. More conservative estimators, after getting a line on the wage-earners of a community, used figures of four times the actual wage-earners, in arriving at the actual population. Take the latter figures. Then with a white population of less than 300,000 in the state of Arizona, it can

be said that 75,000 of that number are the wage-earners, the providers, the heads of families, and in fact the ones upon whose efforts fall the burden of support of the people of this state. Let those 75,000 distinctly remember that tax burdens are expenses. Somewhere along the line each and every one of those 75,000 either directly or indirectly contribute to the expenses of state, county, city and town government in this state. The merchant with whom they trade must treat the amount which that merchant pays in taxes upon his stock in trade, as an expense of his business. The landlord looks to the first cost of property, and then considers the expenses of that property, including taxes, in arriving at the rental value thereof. Private activities, every business enterprise, if successful, must be so conducted that the incomes or profits therefrom, exceed the expenses thereof, and taxes being an expense, no member of the public entirely escapes the indirect burden of taxes.

Every Family of Five on Per Capita Estimates Charged With \$300.00 Per annum For Public Expense

Let the head and wage-earner of a family of five consider the fact that no matter if he has no property listed on the tax-rolls of the state, city, or county in which he resides, somewhere in the cost of supporting that family is a per capita cost of \$60.00 per year per member. Let him consider that directly or indirectly he, as the head of the family, is either directly or indirectly contributing \$300.00 per year for the benefits of government to him and his family alone. Let him consider that for every working day in the year, there is a burden of one dollar per day by him indirectly borne, if not directly paid, in connecting with public government under which he lives and enjoys life. If Mr. "So-and-so," as referred to above considers the real effect upon him, the "other thought which he had coming," will be that he is directly concerned with the cost of government, that he is directly concerned with the aggregate amount of taxes levied to support that government, whether his name is actually upon any tax-roll or not. If Mr. "So-and-so" is merely a wage-earner, then whoever may be his employer, must in turn succeed in the business which furnishes that employment. As said before, that

business success depends primarily upon making profits above expenses of the business. Taxes are an expense. The wage-earner must contribute to that expense, whether listed as a direct taxpayer or not. He pays either in lessened wages, or increased costs of what he gets from what he earns. Surely, he has another thought coming.

If the per capita situation is considered from a practical premises, then the matter of reducing the amount of taxes to what will insure a necessary and really adequate government, will solve itself. There will be more caution on the part of every person in what is demanded from that government, so demanded regardless of resulting cost, and finally taxes to meet that cost. If every person considers himself as a person who must ultimately pay proportionately of that cost, then every person has it within hand to directly decrease the aggregate cost, by insisting upon reducing public activities to such activities as are indispensable, with no more added thereto, than each such person is willing to stand up and pay his proportion of the cost thereof.

If every citizen in Arizona took that other thought, before rather than after public projects have been determined upon, and did seriously consider whether or not that citizen was willing and ready to assume and pay, directly or indirectly, a per capita portion of what such projects will cost, the tax burdens of the whole public, instead of soaring to increasing heights, year after year, higher and higher, would assume a plane more nearly in keeping with the real ability of the public to bear that burden. There certainly would be no public projects made such, without regard to cost or present ability to carry the burden thereof, through the actions of persons who may be imbued with either the idea that the public can stand burdens without limit, or the idea, it costs me nothing, why not have it at public expense. With the second thought taken as suggested above, such ideas would be entirely eliminated, and every person would look upon the matter of public taxes as a personal matter and act accordingly in every instance where action has a direct bearing upon the amount of taxes to be levied.

Rightly considered the "per capita cost" does have a direct bearing upon tax questions. When rightly considered it has and should have a controlling place in the question.

QUESTIONS AND ANSWERS

What state institutions participate in the interests, rents, and other income from state lands granted by the United States to the territory and state of Arizona?

At different times prior to the enabling act, and in the enabling act of 1910, Congress granted to Arizona lands, to be in trust for purposes as follows: For the University, for Legislative and Judicial Buildings, for Penitentiaries, for Asylum for the Insane, for Schools and Asylums for the Deaf, Dumb and Blind, for Miners' Hospital for Disabled Miners, for Normal Schools, for State Charitable, Penal and Reformatory Institutions, for Agricultural and Mechanical Colleges, for School of Mines, for Military Institutes, for Payment of Bonds of the Counties of Maricopa, Yavapai, Coconino and Pima, Old University grant, and four sections in each township for a Permanent Common School Fund. Out of the land selected under the provisions of the enabling act, distinct portions are set aside for each of the above purposes. As lands are sold, the amounts received are in turn credited to the fund of lands from which same are sold. The principal of these sales is to be held for investment in interest bearing securities, this interest, together with interest derived from contracts of sale in those cases where sales of state lands have been made under terms permitting the purchaser to pay for the lands in annual instalments, is credited to the funds annually appropriated for the support of the purposes for which the lands were granted. When lands are leased, the rents received therefrom are credited to the purpose among the several purposes above named to which the land stands credited from selections distributed as above, and those rents are available for the annual maintenance and support of the different institutions, according to such credits. Other income from lands whatever that income may be, is also credited in the same manner as rents, and is available for maintenance and support of the particular institution to which credited. Thus from the sales of lands, as fast as the principal funds are received, those funds become permanent funds, the interest upon which together with rents and income received from lands not sold, goes

to the support of the purposes and institutions named above for which the lands were first granted.

From what sources, other than direct taxation in state and county taxes, do the common schools derive funds for their support?

All interest upon contracts for sales of state school lands, and all interest upon loans of money already paid in upon the purchase of school lands, together with all rentals received from leases of school lands of the state, are by law required to be placed in the state common school fund, and apportioned among the several counties of the state in addition to apportionments of tax funds.

There is also paid into the state treasury from the United States amounts received from the rentals of lands in the forest reserves of the United States in Arizona, these amounts are controlled by an act of congress referred to in paragraph 4654 of Revised Statutes of Arizona, under which it grants twenty-five per cent of all moneys received from that source, between the schools and roads of the various counties in which forest reserves are situated. Under court decisions, this division is required to be an equal one as between roads and schools.

Section 27 of the Enabling Act provides that five per centum of the proceeds of sales of public lands lying within said state (Arizona) which shall be sold by the United States subsequent to the admission of the state into the union, after deducting all the expenses incident to such sales, shall be paid to the state to be used as a permanent inviolable fund, the interest of which only shall be expended for the support of the common schools within the state.

Another provision of the enabling act keeps the control of all school sections lying within the forest reserves in the United States, and provides that: "said granted sections shall be administered as a part of said forests and at the close of each fiscal year there shall be paid by the Secretary of the Treasury to the state, as income for its common school fund, such proportion of the gross proceeds of all the national forests within the state as the area of

lands hereby granted for school purposes which are situated in the forest reserves whether surveyed or unsurveyed." Amounts which are received by the state under the provision quoted, are placed to the credit of the State Common School fund, added to the amount of state taxes for that fund and apportioned among all the counties in the same proportion as other portions of that same fund are apportioned.

The Magazine has frequently published the amounts actually received from above sources, and consequently does not consider that the question asked covers the amount, but only the source of the funds, and answers same as above.

When can a county highway commission proceed to let contracts for highway construction to be paid for from proceeds of county highway bonds voted for the purpose?

This question is answered by the language of Section 8, appearing on page 90 of session Laws of Arizona for 1919, which reads as follows.

"All work for which bonds are issued shall be done under the supervision and direction of the Highway Commission. As soon as the funds arising from the sale of said bonds are in the treasury, the Commission shall determine the character of the work to be done and shall prepare plans, specifications, and profiles for the doing of such work, and thereupon shall advertise for bids for doing the work."

Other sections of the Code and amendments, provide for the sale of bonds by the boards of supervisors of counties. Reading the two provisions together, the one above quoted, and the one necessarily referred to by the words: "As soon as the funds arising from the sale of said bonds are in the treasury," in connection with what follows, it seems plain that a county highway commission should not proceed in the matter of preparing working plans, specifications and profiles of highway construction contemplated in connection with any bond issue, nor proceed thereafter to let any contract, until the money to pay for the contracts so let, is in the county treasury.

ART

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME EIGHT PHOENIX, ARIZONA, DECEMBER, 1921 NUMBER TWELVE

A pyramid showing the increase in interest charges paid from county taxes of all the counties in the state since 1915 and including amounts upon tax rolls for the present year 1921

YEAR	BOND INTEREST AND REDEMPTION FUND
1915	\$291,154.88
1916	\$390,426.12
1917	\$416,612.70
1918	\$527,946.92
1919	\$589,853.32
1920	\$873,208.27
1921	\$1,205,390.49

NET INCREASE IN INTEREST OF \$914,235.61 IN SIX YEARS

The above figures have increased on account, mainly, as the result of such highway bond issues which have been authorized and sold by the several counties. Does not include interest upon bonds already authorized but not yet sold.

EDITORIAL COMMENT

THE RELATION OF TAXATION TO INDUSTRIAL CONDITIONS

(Extracts from paper on above subject presented to the Arizona State Industrial Conference, by Rudolph Kuchler, State Land Commissioner, formerly State Tax Commissioner, and of the Executive Committee of the State Taxpayers' Association.)

It would have been the pleasure of the Magazine to have presented to its readers the entire paper referred to above, presenting as it did in its entirety, a matter of fact, concise and fair statement of cause and effect, with remedies suggested, covering the problems which for several years have been discussed in the pages of this Magazine, and so discussed and considered at all times under the guiding mind of the speaker as a member of its Executive Staff. The article encompasses the history of the aims, purposes and problems which have confronted the public in the past, but which at the present time are being more fully appreciated by the entire public.

Space not permitting a publication of the entire article an attempt has been made to select the most significant portions thereof which are quoted as follows:

"Arizona is a new and great state. While its development is in almost purely an embryonic state the resources with which nature has endowed it have only been touched in the past, those same resources added to the almost unlimited ambitions and energies of our people leave no question as to the opening assertion.

The future co-ordination of natural resources with personal efforts will mark the progress of the state. Just how rapidly that progress may be towards permanent realization of our ambitions depends more or less upon just how much freedom may remain to the end of the fullest exercise by individuals of their personal ideas as to what part each may take in what may be termed the "industrials". We include in the term industrials every trade, occupation, profession and business which in the aggregate result may be included therein as connected with business, with prosperity, and with the pursuit of happiness. Also with that freedom of ac-

tion assured to each so far as possible and to the extent that may be consistent with governmental activities, governmental regulations and governmental powers, such as may be necessary to preserve to our citizens their rights and liberties. These immunities must be so preserved through the exercise of a united will of the entire people, that no one may encroach upon the rights of his neighbor by successfully depriving that neighbor of the same rights of personal liberty and rights of property, which each would personally enjoy.

Viewed in the light of the foregoing axiomatic statements, **true government** cannot exist without **taxation**. Nor can governments be supported except through some **industrial efforts**. The benefits of the one can exist only as a burden upon the other. The relation between all problems of taxation and every industrial condition is thus direct and obvious. There can be no intervening element of big business or little business, of mass, class, favored few, or favored many, in any purely unselfish attempt to analyze attendant conditions which at present must be so analyzed, **to relieve**, if it is possible to afford such relief, the industrials of the state from a constantly increasing burden of taxation. There can be no doubt that it is axiomatic that every question of unnecessary burden of taxation affects each and every citizen of our state, just as surely as that citizen would be affected were the wheels of government to clog in their efforts to run, or be temporarily ineffective, or suspend entirely.

The question of taxation is so closely allied to the **prosperity, progress, wealth and happiness** of our people as a whole, as to be emphatically a direct question of personal interest to each man, woman and child as directly so, as would be the question of any attempt to attain the same ends without government itself.

On all sides it is apparent that the public has concerned itself with the question of taxation. All seem to accept as true that public taxes have reached a stage, beyond which, if increases continue in the future at the same proportionate rate of increase as in the past, the actual truth of the saying, that **An**

unlimited power to tax, if exercised to its full extent, includes the public power to confiscate private property for public purposes.

In the main, it is my firm belief that the true angle from which to approach anything like results in **lessening** the direct tax burdens of the taxpayers of this state, is to make that approach by considering the real necessities of and for an efficient government. * * * With each such requirement carefully worked out, a sure foundation will be laid. * * * With everything found to be unnecessary therein eliminated with the cost thereof deducted from present aggregates of cost the burden of taxation will automatically decrease itself. * * * Then ascertain and provide a sufficient amount of public funds to carry on those activities, and a point will be reached beyond which no further eliminations can be made, nor further reductions in amount of money required therefor possible. * * *

Assuming in connection with the statement above made, that in each and every public activity so found to be indispensable, every business rule of the rules of good business will be used and applied in connection with the use of the funds provided. * * * A carefully planned budget as to the cost of those activities, **coming first with full sanction of the people, or the representative legislators of the people**, followed by such action on the part of administrative officers, departmental heads, and institutional boards, as in turn will be marked with such rules of economy, rules of strict **private business** methods applied to **public business**, will finally result in **efficiency** in government, in economy in governmental costs, and without in the least impairing the road to the ideal in real government as it should exist and continue, and will at the same time remove the present strain of excessive taxation, now felt on all industrial activities of the citizens of our state, be those particular activities what they may.

* * * * *

The main scheme as to the necessities of government has remained unchanged for over a century.

Those necessities, whether applied

to federal, state, county or municipal forms of government, have included the legislative department to enact laws; the courts to construe the laws; executive officers to enforce and administer the laws; That plan also includes the necessity for schools and higher education; police and fire protection for lives and property; necessary public charitable institutions; reformatory and corrective institutions; with departments in charge of the construction of streets, highways, bridges and other means of travel and intercommunication among the people.

Beyond that groundwork for governmental activities thus wisely provided, there has been appended and attached so many side structures, that it may be possible that the real essentials have been lost sight of, or obscured to such an extent that people may now believe it is to be actually required that successful governmental activities can be carried on only through side agencies in the form of Commissions for this, and Boards for that particular activity, and fail to seriously consider the availability of the old, time tried and tested tools of government, the legislative, the executive and the judiciary. They fail to appreciate that within the powers of those departments every problem as connected with public affairs, necessities and requirements could yet be handled, even were many special departments, boards and offices for special purposes, abolished entirely

* * * * *

Since statehood, the state common school fund has been an item in state taxation, to which has been added the general common school taxes of each county, the special school district levies made upon the property of particular school districts, school district bonds have been issued for common and high schools, and the aggregate of it all is the only aggregate which can be taken in connection with any comprehensive discussion of the cost of supporting and maintaining the public school system of the state.

Under the existing state constitution, with its acceptance of the public land grants from Congress of four sections of land in every township of the state, the incomes and rents of those lands, the interest upon principal of time sales of those lands, the interest upon loans of the principal amounts received from sales, all granted in permanent trust as endowment for the common schools of the state; and with provisions in the constitution requiring a state tax for common school purposes with a distribution thereof among the several counties in proportion to the number of pupils of school age residing therein, the

inseparable relation of state and county to common school funds has been established and exists.

Inseparably and permanently, the common schools of this state are state institutions, and the part which every subordinate agency of the state takes in the conduct of those schools, must and should be considered as such an agency, rather than as an independent one.

Of all the different activities for which public funds are now used, no activity is more important to the development of the state than that properly involved in the education of the youth of the state. The results cannot be measured in units of dollars and cents. The people desire and should have the best. The question of ultimate cost of and for the best involves, however, the getting thereof, with the least possible expenditure of funds, money wasted, money lavished, or money expended beyond what is required to adopt the best, provide for the teaching thereof, in surroundings conducive to health, safety and comfort of the pupils taught, adds nothing to the desired results. At the same time no reason exists why in connection with our educational system, every possible effort may not be made to get a dollar of value for every dollar expended.

* * * * *

The main question and its answer revolves around the question of how much is raised in the aggregate **year by year and how that amount is expended, and for what.**

The tax question affects every class of citizen either directly or indirectly. Not alone those persons whose names and property are listed upon the tax-rolls, but every person. Taxes upon property are expense burdens thereon. Whatever relation any class of property bears to the industrial advancement or progress of the state, that particular class of property, and **every person whose livelihood depends upon the success or failure of the particular activity so involved,** is directly interested in the tax burdens thereon. Every tax burden reflects itself in higher prices, in higher rents, in higher everything connected with commercial affairs, trades, and cost of living. No one is immune from the effect thereof.

If we go at the question of reducing costs of all public activities, no person can ignore his or her personal interest therein, by assuming that "THE OTHER FELLOW PAYS THE TAX", each person is confronted with the cold fact that directly or indirectly he pays his portion.

The remedies which my study of the

situation and conditions which have brought about that situation, are in part as follows:

FIRST: Consolidation of every public activity having for its object and purpose the same general ends, into units, with those units under one controlling head. Doing so to the extent of consolidating what may now be either state, county city or district objects or purposes, regardless of lines of presently established powers and duties of action, in one or the other of the public agencies named. Abolish, abandon and eliminate all that would be left without real purpose, object or aims for accomplishment in governmental functions, with such consolidation made and units of control established.

As warranting the above suggestion, attention is called to the fact that many duplications, repetitions and in some cases conflicting powers and duties for action exist as between present state, county and city branches of our organized government.

* * * * *

Would it save public expense? Let us consider a few cases. If the purchasing powers for common schools were taken from the 473 school district boards, and placed in county units of fourteen counties, that action certainly would tend towards uniformity in the character, quality, class and kinds of supplies for our public schools. If such a change were made, the volume of purchases would reduce the aggregate purchase cost of all supplies. * * * Some elimination of excess accommodations in some districts with insufficient accommodations in others. District lines would no longer control the point of where pupils attended. Such a unit system applied to the purchases, hiring of teachers, building and location of schools, would certainly lessen the "overhead". Would prevent an accumulation of unused and inactive funds to the credit of particular school districts.

Whatever might be the actual costs of schools to be conducted under such a unit system, that cost would be more uniform, more likely to be confined to real requirements, than under the present methods through which 473 differing ideas, of that number of school district boards, control and make up the items which enter into present aggregates of costs. The taxpayers would be more certain that state raised funds for common school purposes, were actually distributed and actually used along lines more closely conforming to uniformity. With a strict budget system, a uniform accounting system applied to each unit, still further

checks would be established to the end of that same uniformity, and as against possible waste or extravagance.

To further illustrate. There are twelve highway commissions at present functioning in Arizona. Each of five members. Each member is allowed a per diem of ten dollars and necessary expenses. Each commission has its clerks, its engineer and other attendant office and overhead expense. For each and every day these commissions meet and act, the expenses necessarily run from \$60.00 to \$100.00 per county, or if all function the same day, these expenses aggregate from \$720.00 to \$1,200.00 per day. Until it clearly appears as to just what may be the special benefit to the public, which would not accrue through the exercise of the functions of such commissions by and through the boards of supervisors and regular engineering department of counties, seems nothing to justify a daily expenditure from **borrowed money**, which in the aggregate per annum may reach \$360,000.00. This suggested amount is

less even than actual figures show to have been the cost per annum of such commissions. **We need roads, not unnecessary overhead in connection with the construction thereof.**

So amend the present constitution that public funds will no longer be treated as available for expenditures until those funds exist in money, in the public treasuries.

Those who are familiar with the facts as to the strain to which public officials have been put in connection with warrants. The worry and loss inflicted upon individuals as connected with "registered warrants" for which no money has been available in payment. Those, also, who are familiar with the interest charges which follow as a public cost on account of such warrants. Who know the excess prices paid for public supplies, made so excessive in anticipation of delayed payment due to lack of money in the treasury to pay cash on delivery.

Those who are concerned in the credit of the state, and who consider

public credit as a kindred asset with private credit in the eyes of the world will fully appreciate the reason last suggested. **"Pay as you go."** That is what an adoption of such remedies will mean.

* * * * *

The repeal by specific acts, each and every paragraph in the present code of laws, which directly or by possible implication grants any power of expenditure in terms unlimited, continuing or "so much as may be necessary," in effect.

The existence of such laws as I would have repealed, has been the means of creating deficits. Has been conducive to loose methods in planning the ways and means of a fiscal year's business in public affairs, within the appropriations for that year, has been the means of escaping from provisions of present "county estimate" and "state budget" laws. The repeal suggested amounts to no more than making a budget outside of Arizona. All such persons get system fully effective."

A Balance Sheet of Taxes for Public Purposes in Arizona Since Statehood

In the table which is appended to this article there appears figures which show under general heads the amounts of taxes collected in each of the years commencing with 1913 and including 1921, for state, county, city and town, school district and other special district purposes. There is also shown the total of such taxes year by year. The table thus presents what may be termed "balance sheet" totals of the taxes for the

purposes and period covered.

There is also given the assessed valuations of property of the state, for the different years, and which was in those years the basis for determining the tax rates, for all except city and town taxes.

The table gives a **bird's-eye-view** of the tax situation in Arizona, and shows how the aggregate of taxes has increased.

Actual Government Costs Include All Other Revenues Added to Taxes Shown By Table

It must be remembered in connection with the figures given, that the aggregates in any year, under any head, represent only the amount of taxes levied, and does not represent the entire amount of cost of either state, county, city and town, or district, in performing

Summary of Taxes for All Purposes---Comparative Statement 1913 to 1921, Inclusive

Year	Final Net Valuations.	Total State Taxes	General County Taxes	Special District Taxes	City & Town Taxes	Total Taxes for All Purposes
1913	\$375,862,414.66	\$1,860,518.95	\$2,557,517.87	\$ 574,894.41	\$ 557,371.75	\$ 5,550,302.98
1914	407,267,393.11	1,812,339.89	2,545,564.84	679,472.16	721,967.69	5,759,344.58
1915	420,532,411.90	2,270,875.02	2,992,595.58	786,034.97	774,180.49	6,823,686.06
1916	486,406,518.50	1,945,626.07	3,099,301.45	837,966.46	857,048.47	6,739,942.45
1917	697,526,619.68	3,731,767.41	3,551,816.92	1,191,870.15	1,087,486.65	9,562,941.13
1918	834,020,532.22	3,252,680.08	4,172,973.05	1,294,684.51	1,279,571.88	9,999,909.52
1919	855,224,720.92	5,131,348.32	5,026,881.62	2,065,102.37	1,445,260.56	13,668,592.87
1920	884,455,682.50	4,201,164.42	6,073,479.64	3,279,492.76	1,883,847.06	15,437,983.88
1921	830,536,582.00	6,062,917.04	6,894,955.01	2,535,725.85	1,937,960.95	17,431,558.85

the government work of either. Any student of public costs, if desiring the entire cost thereof, will still have to add to what is shown by the table, the respective amounts each year received and which are collectively referred to as "other sources of revenue". Future table will be presented which will cover these "other sources of revenue". In brief, it may be said, that "poll taxes"; "license taxes"; fines and penalties collected by our courts; the fees of officers; the income from state lands such as interest, rents, and other profits from such lands; proceeds from sales of public property; and still other receipts from many sources; are each and all items which have gone into the public treasuries, and the aggregate of the same must be added to the amounts received in taxes, before a strictly accurate balance sheet of total costs can be presented for consideration. But as our readers are more familiar with figures of taxation, and those figures more directly concern them to the extent of their contributions thereto, either directly or indirectly, the table presented gives aggregates for consideration and for comparison.

In connection with those figures, some questions may be presented for working out answers to fit in which plans for reducing the cost of public government in Arizona. Has the public attempted too many activities in proportion to its population which comprises the public upon whom the cost burden of those activities must fall?

Further Per Capita Figures As to Taxes

The aggregate of taxes for the year 1913 appears as \$5,550,302.98. With approximately only 250,000 persons in Arizona that year, that total shows a per capita figure of \$22.20. With less than 300,000 persons in Arizona in 1921, the total of that year—\$17,431,558.85, shows a per capita of \$58.10. In giving the figures, the number of Indians fixed by the 1920 census at 43,000 are excluded from the total figures of 334,000 as the total census figure of that year for the state. Or, if still further figures are needed, then take the 40,000 names which appear upon the tax rolls of the state, and distribute the per capita as

among that number and you will have the per capita rate among persons, who in the first instance and directly, pay the money into the public treasury of the state. The per capita thus figured is \$435.60 per taxpayer upon the tax rolls.

At a recent public gathering in Phoenix representative speakers presented facts and figures as to the effect of taxes upon particular industrial activities with which those speakers were familiar. A cattleman announced that he knew of "no ten dollar and acre land in Arizona" to that value for grazing purposes. It was pointed out in the same connection that at least ten per cent of the present sales value of range stock went for taxes. A farmer and rancher found some "ten dollar per acre land" when telling of an eighty acre ranch upon which the taxes were \$785.00 for the year 1921. Each and every speaker took the percentage of income for tax-paying purposes of the particular activity of which he spoke, and while the percentage figures were very similar, two facts appeared to be conceded. The one, that present taxes were too great a burden upon the industries of the state, that same might be developed with success and profit; the other that further increases in taxes would be disastrous to all.

If the Public Has Planned Beyond Private Ability to Pay, Those Plans Must Be Revised

That plain statement of plain truths, answers in part the question above suggested. If the public agencies of this state have been planned upon lines too extensive for maintenance of the private industries of the state, and too extensive for a continuation of those activities at and for private profit to their owners, then that is the first answer to the question. If the attempted strides for public progress in number, kind or class of activities are too fast, if private progress cannot keep pace therewith then the public activities must be reduced as to numbers, class and kind. The government of state, county and city cannot exist without taxes. Taxes cannot be collected without being a burden upon and taken from the profits of individual

activities of our citizens. If in any case, or in the aggregate of all cases, the number and extent of attempted activities for public purposes has brought about a lop-sided structure in which the effect thereof upon private business activities has been and is detrimental to success for the latter, then the activities of the public must be curtailed, and must be trimmed down, until the aggregate taxation cost comes to what will be within the power of private enterprises to support without falling by the wayside in a futile effort to keep pace.

The Arizona public will be wise if it refuses to be carried away by the beautifully painted pictures of word artists as to glowing results in future prospects from new activities to be undertaken at public cost and expense. It will be wise to consider those pictures as future possibilities when the time is ripe for action, and devote present efforts, present thoughts, and present concerted action to dealing with the stern requirements of what must be dealt with right now.

Retrenchment by Decreasing Private Demands for Public Purposes Requiring Increased Taxation

The public has to deal with the fact that tax burdens have increased on account of activities which have already been attempted at public expense until that burden is almost intolerable in its relations to private business. If retrenchment cannot be made to the extent of abandonment of public work, public objects, or public purposes already undertaken, without disastrous results to the public, certainly the same is not true with respect to such a retrenchment as to the matter of presently considering new activities which will add to present burdens if undertaken in addition to what must be supported as now under way.

If the public cannot retrench to the extent of cessation of work now in progress, without injury to the public aims for government, the public can retrench by refusing to accept as necessary demands for public support to new activities of uncertain and speculative natures when considered as prospective panaceas for existing crisis in the financial world, public and private.

The Question of "Interest Charges" as an Overhead Expense, Increasing Taxes

On the title page of this issue of the Magazine is given a pyramid showing the increase in amounts raised in all the counties of this state, "for interest and bond redemption funds" of the counties.

Those figures show that in the year 1915, the total amount of county interest upon strictly county bond issues, and all redemption funds for county bonds was the sum of \$291,154.88. Those

figures show that in 1921, the aggregate of taxes raised for the same purposes had increased to \$1,205,390.49, making a net increase of \$914,235.61 in

(Continued on Page Six)

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THE QUESTION OF "INTEREST CHARGES" AS AN OVERHEAD EXPENSE, INCREASING TAXES

(Continued from Page Five)

the period covered by the table presented.

There are but three purposes for which bonds have been issued the interest charges upon which are included in the figures referred to on the front page. Those purposes are, Court houses, highway improvement and construction bonds, and in two instances among the several counties, refunding bonds for prior outstanding registered and unpaid warrants.

Each reader of this article knows, whether or not in the particular county in which that reader resides any new court house bonds have been issued. Each reader knows how many highway bonds have been issued and sold. The refunding bond issues amounted to \$200,000.00 of principal, and increased the interest charges covered by the aggregate, by the sum of not to exceed \$12,000.00.

\$1,205,390.49 of Interest Does Not Include Interest on School Bonds
The aggregate of interest charges

covered by the figures of the table referred to, does not include interest upon common school district bonds. The interest and sinking fund of school district bonds, are special levies, made up on individual districts. The increased amounts of interest and redemption funds of such bonds, appear in another table presented to our readers in this issue, under the head of "special district taxes". A heading connected with the aggregate of increased taxation for all public purposes in this state, by showing that in 1913, the total of special levies was only \$574,894.41, which total increased to \$2,525,725.85 in the year 1921 upon the tax rolls of that year. Somewhere in the latter figures appear the interest and redemption fund taxes levied to meet school district bonds. Just another illustration of the fact that aggregates of figures are misleading, when specific items of cost are looked for, as a means of ascertaining where possible economies may be accomplished.

Once Created An Interest Charge Becomes a Fixed Continuing Charge So Far as Present Relief Goes

But when the matter of increased taxes is being considered, every million of dollars which is actually included within that increase, must be given consideration. When it is considered that the public activities of the counties of the state have been possible as such only through the use of borrowed money, for which, in connection with county activities as a whole as those activities are reflected in the increased aggregate of county taxes, at least 18 per cent of that aggregate is accounted for and results from interest charges on account of money already expended. When it is considered that however much current costs of current activities of the public work of counties, may be reduced through possible eliminations in other directions, there remains a fixed continuing amount, at present equalling eighteen per cent of the present total amount of taxes, which cannot be reduced at all. When it is also considered that bond issues for road purposes have already been authorized to an extent of at least \$8,000,000.00 more bonds, then we must also consider that the next tax-roll will be increased by addition interest charges to the amount of between \$450,000.00 to \$480,000.00 on account of the fixed interest charges upon those bonds it is found, that economists must face fixed conditions, fixed and continuing liabilities, which cannot be reduced and which will aggregate. If their effort at economy is directed to county expenditures, if they start with present aggregate of \$6,894,897.48, and consider pres-

THE MAGAZINE'S SLOGAN FOR 1922

It is modestly suggested that every reader of this Magazine is framing "New Year's" resolutions for application to personal affairs and use in public ones, will consider the three words:

CONSERVATISM — ECONOMY — EFFICIENCY
and embody those words in resolves for future action.

"CONSERVATISM" in the true meaning of that word as understood by our hard-headed, two-fisted forefathers, who built an empire from the rocky landing at Plymouth to the placid Pacific.

"ECONOMY". To the extent of discontinuing that which is either unnecessary, extravagant or purely luxurious; in satisfying only the whims of today, with no lasting results for contentment and happiness in the future.

"EFFICIENCY"—To the end that regardless of what particular activity may engage any reader, that earnest honest and full effort be extended, to the end of full success for that activity. Do so whether an employer or employee. Whether private citizen or public servant.

The Magazine firmly believes that every reconstruction problem of today will be surely answered for future peace, progress and prosperity through such a slogan. Again suggesting:

"CONSERVATISM—ECONOMY—EFFICIENCY"

ntly existing burdens upon future tax
olls, the fixed amount to be dealt
ith is \$1,655,394.49, or more than
twenty-four per cent of the present to-
al of \$6,894,897.48 of total county taxes,
s the percentage which cannot be al-
ered.

Twenty-five Percent of Total Taxes of Counties Now Taken for In- terest on Bonds

Starting over again with an item of
aggregate of all county taxes of 1915,
s the amount of \$2,992,295.58, as
ompared with \$6,992,595.48 as the ag-
gregate of those taxes for 1921, the net
increase is \$3,902,301.90. Then with a
et increase in interest charges of \$914-
54.49 during that same period, nearly
**twenty-five per cent of that total in-
crease is accounted for in interest paid
on borrowed money for use in construc-
ion of county highways alone.**

Starting once again at the same start-
ing point of 1915, any possible plan for
reducing the aggregate of county taxes,
must include presently fixed, and per-
manently continuing obligations already
incurred, and which must be paid from
future tax levies. As pertaining to the
question of interest, it being true that
he amount of interest charges now
amounting to \$1,205,390.49, will imme-
diately increase to an aggregate of at
least \$1,655,394.48, for reason of addi-
tional bond issues already authorized,
and as to which sales thereof are practi-
cally consummated already, then it will
be found that at least thirty-three and
one-third per cent of the net increase in
county taxes, of \$3,902,301.90 as be-
tween 1915 and 1921, must remain as
a fixed charge against the counties, ac-
counted for by interest now accruing,
and interest which will accrue on ac-
count of liabilities already contracted
by the counties.

Starting again with conditions re-
specting interest upon county bonds and
required amounts to refund and pay
those bonds when same mature, there
is a fixed charge equalling at least
twenty-five per cent of the present tax
income of those counties. That charge
continues as a fixed tax charge against

the depreciating asset of highways con-
structed with the proceeds of the bonds.
So it is, that unless those proceeds are
protected by additional funds sufficient
to keep the roads in repair. **In other
words, the present burden upon the tax-
paying public of the counties of this
state includes, interest charges upon
bonds issued, interest charges upon
bonds already authorized and about to
be sold, amounts necessary to redeem
bonds at maturity, with last, but not
least, such amounts as absolutely nec-
essary to maintain the highways now in
course of construction; from which no
present relief is possible.**

In what precedes in this article, the
Magazine is not disparaging "good
roads". It is not criticizing the trend of
public sentiment which has resulted in
bond issues for the purpose of highway
construction. It is, however, in duty
bound to present to an interested public
the present existing conditions as to
that particular subject, in order that
such conditions will not be overlooked in
their controlling influence upon pros-
pective future plans for other public ac-
tivities.

**In this same connection conservatism
in public affairs calls for full protection
of every necessary public work, that its
intended benefits be fully enjoyed, be-
fore new activities of any kind are un-
dertaken,** the more so, when public fi-
nances are in such shape as to require
methods approaching abandonment of
activities, as a means of relief to the
burden upon taxpayers.

Consider Stern Facts of Today Before Drifting to Visions of the Future

It is all right to dream visions of what
the future may develop. Idealists and
visionists have played their full part in
empire building. But the stern realities
which confront the present public, re-
quire active measures to preserve and
protect what activities the public have
now under way, before attempting new
schemes. Certainly no other course can
be taken without increasing rather than
lessening the strain upon the public of
withdrawing from private industrial pur-

suits, entailed on account of present
necessities.

The stern problems in the financial
world of today, both public and private,
cannot be solved by blowing what may
be "Mississippi Bubbles" nor expecting
that relief may follow from inflation
and boom methods of solution of those
problems.

Reap the fullest possible benefit, make
the greatest possible use of existing and
present opportunities afforded from pub-
lic paternalism, so far as that paternal-
ism affects private affairs. With that
harvest made, the public will be better
prepared from the resultant return to
prosperity, to enter into new schemes as
a means of still further progress and
still greater prosperity for the future.

A General Roundup In Public Affairs Required Before Entertaining New Schemes for Future

...The entire public must engage in a
comprehensive round-up. It must weed
out. It must clear its path. It must re-
move obstacles which hamper and im-
pede its present progress. It must do all
this and more to insure permanent pro-
gress and lasting prosperity. When that
round-up is over and the brand of cer-
tainty of success for what is right at
hand is surely stamped thereon, when
every industrial pursuit is first so blend-
ed into a composite whole as to result in
a perfectly working power for future
harmony, to the end of sure, safe and
continually working means against fur-
ther misunderstanding and discord
among the various industries, when all
that is accomplished, it will be timely
to dream of new ranges and fields of
and for public activities.

The question of public interest charges
is but a suggestion to the main point
suggested. The present public must not
neglect any effort at preparing a firm
and sure foundation in the present, be-
fore too many plans are laid for the fu-
ture. Unless that foundation is worked
out along lines which will insure per-
manency, the superstructure intended
for the grandeur of the future will crum-
ble for lack of foundation.

More Comments Involving Per Capita Costs In Government

At the time of statehood there were
approximately two hundred and fifty
thousand people in Arizona. The last
census taken in 1920, shows three hun-
dred and thirty-three thousand, three
hundred and twenty-three. These lat-
ter figures include some forty three thou-

sand Indians. Assuming that the white,
taxpaying population has increased
from 250,000 to approximately 300,000,
since statehood, there enters an element
of a twenty per cent increase in popula-
tion to be used for comparative purposes
with the increased per capita cost of

state, county, city and town government
in the state during the same period.

Per Capita Increase of 227 Per Cent in County Taxes and 600 Per Cent In State Taxes

Going back to 1912, the state budget
was \$994,000. No accurate figures are

presently available for the purpose of showing the aggregate budgets of the counties, cities and towns of the state for that year. Passing along to 1915, however, and from that year to 1921, the total of county taxes increased from \$2,992,595.58, in the former to \$6,894,897.48 in the latter year. These figures show that the cost of county government in Arizona has increased over two hundred and twenty-seven per cent during the past five years. Returning to the state budgets, and taking the total of \$994,000.00 for the year 1912, and comparing it with a total of \$6,054,000.00 for 1921, the result shows a six hundred per cent increase in state taxes. Bring the whole matter back to per capita comparisons, and the result shows that in the same period during which there was only a twenty per cent increase in the white population of the state, the cost of government increased in the proportions named above, that is, for state government, over six hundred per cent; for county government, over two hundred and twenty per cent.

Taking the same line of thought which has been heretofore presented in previous articles in this Magazine, then from the figures given above the actual per capita tax burden which now runs up to sixty dollars per capita, as the aggregate of all taxation, has been increased to that amount in the proportion of increase which above figures show.

Has Increased Government Costs Increased the Public Benefits From Government

Taking the same line of thought which presents the fact that every citizen of the state, either directly as a tax payer, or indirectly as a resident of the state, pays a proportionate amount of the cost of government, the further fact is apparent in a suggestive way. That fact being in the form of a question as to whether or not the beneficial results of the government under which the burden of taxation has increased as above noted, have increased in the same proportion. Or, in other words, in the question, "are we better governed," with the increased cost, than before?

The question above suggested can hardly be answered by either yes or no. There are too many elements which enter into a proper answer of the question to permit any simple answer thereto. Those elements include the often repeated questions involved in segregating the real essentials of government, from non-essentials, and eliminating all of the latter.

No one can be found at the present

time but will say "yes" to the proposition that it is costing too much to govern. The question of where to make the necessary changes, through the means of which good and efficient government remains, and the needless in public activities is eliminated, is a question that no one seems able to fully answer, and do so successfully. At least, much is said about the constantly increasing aggregates in costs of public activities, but little is offered in the way of suggesting the remedies.

Remedial Action Towards Abolishment Of What Is Unnecessary Must Be Unselfishly Considered

It is barely possible that an element of selfishness enters into the matter of lack of suggested remedies. Each citizen may see where some attribute of government may be dispensed with, with his line of vision guided by considering whether or not that particular attribute immediately concerns his immediate welfare. While on the other hand, an immediate neighbor of that same person, might see plainly how public expense might be lessened by ceasing activities along lines of some public purpose which would directly effect that latter person. So it may be, that suggestions are either not made, or if made at all, are immediately smothered, for no reason at all, except the purely selfish one, that no activity can be discontinued without directly interfering with the ideas as to necessity, as those ideas are maintained by different persons, each favoring a particular, and one catering to the ideas and wishes of the other, and both catering to the ideas of all others, leaves many remedies actually available, but none actually suggested.

The whole question as one for a general answer is, and does involve the "putting the axe" where it belongs, regardless of special interests or special results. Regardless of how the use of the axe will effect any individual or class of individuals, except for general results upon the whole public, cuts must be made somewhere, and made everywhere possible.

The Pocketbook of Every Citizen Affected By Question of High Taxes

It is to be hoped that when the "per capita" burden of the cost of government is fully understood and appreciated. That when every citizen is fully cognizant of the fact that directly or indirectly he or she is interested in the subject of reduced costs of public activities considered in their aggregate. Then and not until then will an earnest effort

be made, and when made will be almost unanimously supported, to the end of pruning out the useless, the obsolete, the unnecessary, and the duplications, in public activities which entail and bring about the present high aggregates of per capita costs.

When every citizen comes to realize a direct interest in the subject. When each citizen can be brought to a realizing sense of the fact that because no property appears upon the tax rolls to his or her name, it does not follow that "the other fellow pays the cost," and "why should we not have this, that or the other, public activity, because it costs us nothing," then it will follow that many ideas will have birth as to remedies to the end of actually lessened costs.

Or, when with the above suggested and other similar ideas as to non-interest, the whole public is fully awakened to the fact, that taxation is a matter in which the whole public is actively interested, that whole public will find, adopt and enforce an actually efficient remedy.

Effective Action for Remedial Results When Public Fully Awakened

This Magazine once again suggests that the time is ripe for an active awakening of the public to the real situation involving the real effect upon each and every man, woman and child in Arizona, of the existing trend of public expenditures towards constantly multiplying and increased aggregates. Suggests that the real progress and development of the state itself is in abeyance at present, and pending such an awakening. This Magazine has faith in the public of Arizona. A faith which extends to a firm belief that the public is able to solve the problem, just as that same public in the past has taken up and solved every other similar proposition involving the present and future welfare of our state.

This Magazine has faith that the awakening will come quickly, that the public when awakened will act, and that each member of the public will, without reserve, so act, that the per capita cost will be lessened, and every activity which may be essential to real state progress still remain.

When "per capita costs" as connected with taxes, is understood to be no more than "per capita interest in those costs," the real solution of a reduction in those costs, becomes a universally personal interest. Then when that stage is reached, the problem will be solved for a greater Arizona.

FEB 9 1922

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Phoenix, Ariz.

Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, JANUARY, 1922

NUMBER ONE

A pyramid showing the increase in the aggregate amounts
of all taxes---State, County, City, Special School
and other District Taxes---levied for the
years 1913 to 1921, inclusive

1913	\$5,550,302.98
1914	\$5,759,344.58
1915	\$6,823,686.06
1916	\$6,739,942.45
1917	\$9,562,941.13
1918	\$9,999,909.52
1919	\$13,668,592.87
1920	\$15,437,983.88
1921	\$17,431,558.85

INCREASED INTEREST CHARGES AND BOND REDEMPTION FUNDS
IN CONNECTION WITH PUBLIC BUILDINGS AND PROJECTS; INCREASED
FUNDS FOR HIGHWAY PURPOSES; FOR COMMON SCHOOLS; FOR
HIGH SCHOOLS; FOR THE HIGHER EDUCATIONAL INSTITUTIONS; AC-
COUNT FOR THE MAIN PORTION OF THE INCREASE IN TAXES FROM
THE \$5,550,302.98 AMOUNT SHOWN FOR YEAR 1913, TO THE \$17,431,-
558.85 AGGREGATE AMOUNT FOR THE YEAR 1921.

EDITORIAL COMMENT

ARE COUNTY HIGHWAY COMMISSIONS A NECESSITY?

The era of highway building which arrived in Arizona since statehood brought about numerous bond issues by the several counties, as a means of providing the funds for such construction. This idea of county bond issues followed immediately after a proposition to amend the constitution to permit bonding the state for the purpose of a state highway system was defeated at the polls in 1914.

Following the voting of county bonds, came the question of how the funds realized from such issues should be expended, and by what county officers. Therefrom came the first law creating a "county highway commission" to be composed of five members, who were to serve without pay, and were to be reimbursed only for their actual expenses in connection with the matter of highway construction. The proponents of the "no pay" idea urged that such commissions would be selected from members of the public whose large personal interests stamped them as men of ability and experience in handling of large affairs involving financial transactions upon a large scale, making them immediately efficient as men to handle the business of highway construction with funds involving millions, and to whom, if selected, the honor conferred and trust imposed, would fully recompense them for the time devoted to the matter.

This "no pay" idea continued only from one session of the legislature to the next. For some reason the required enthusiasm did not manifest itself among the commissions appointed, and the new law fixed a per diem of ten dollars per day, with actual expense allowance to each member of such commissions, while acting in the performance of their duties.

The duties of such commissions, are briefly stated, to investigate the public highways of their counties, and the condition of such highways as in their judgment appear to present the greatest public necessity and convenience for construction and repair; prepare maps thereof, estimate the cost thereof, and report to the board of supervisors, doing this as a preliminary step to the calling of special elections upon bond issues to be authorized by the people, for the purpose of constructing or repairing the

roads covered by such reports. The highway commission was authorized to employ a competent engineer to make all necessary surveys and prepare maps of roads, and to assist the commission in determining the best materials to be used and the most feasible manner of making such improvements and the cost thereof. All of the above to be prior to any election upon the question of bond issues.

After bonds have been voted, and after those bonds have been sold, and "as soon as the money arising from the sale of the bonds is in the treasury," the commission is authorized to determine the character of the work to be done and shall prepare plans, specifications and profiles for the doing of such work, advertise for bids and let contracts for its doing. The law provides that all work shall be done under the supervision and direction of the highway commission, and also provides that the commission may employ a secretary and all necessary engineers, inspectors and superintendents to supervise the performance of such contracts, or to have charge of the doing of said work, and shall fix their compensation.

The plain intent of the legislature as drawn from the above, is that there should be submitted to the people of counties a suggestion as to roads in the county "which present the greatest necessity" for repair and construction, with an estimated cost for the construction thereof from materials determined upon by the commission with the assistance of competent engineers, all to be so presented to the voters in such manner that they in turn could vote intelligently upon the question of what roads are to be repaired or newly constructed, what materials are to be used in that construction, and finally the cost of it all in the amount of bonds to be authorized therefor. Quite evidently, all plans, details, and specifications, to be made in connection with contracts to be let after the proceeds of the sale of bonds, are in the treasury, are to be such as to give effect to what the people actually voted for and upon, if by their votes, the suggestions of the commission made prior to election, are adopted by the voters at such election. It would be quite absurd to argue that the legisla-

ture intended to have the voters act upon one system of roads, to be constructed of materials, and according to plans as to feasibility, and to cost a certain sum (and intended that after the voters had acted thereon, that thereafter the commission could discard what preceded, and adopt new plans, new materials, and new ideas as to how the roads be constructed, and involving expenditures beyond amounts of bonds authorized. Certainly it is absurd to suppose that the legislature proposed the routine of an election upon the entire matter, with the result, that what was actually voted upon did not control the actual construction with the money, and within the amount of money, authorized by the voters.

The above statement is made, for the reason, that in connection with bond issues actually authorized, changes in plans, changes as to character of material to be used, failure to wait until "the funds were actually in the treasury," did in fact result in forcing the taxpayers to come to the rescue, and that they might save funds already incumbered to the full amount of such, and might have the benefit of the mileage of roads first voted, still more bonds were voted, and the end of the program in road building first voted is not yet in sight. A situation which when attention is called thereto, is only one of the situations which has to do with the question under discussion, that question of whether "county highway commissions are a necessity," if the word necessity is understood to mean, and used in the sense of meaning, whether the same benefits to the public would not follow if highway construction was left within the powers of supervision and control of the former heads of county government, with similar powers in the latter, to employ "competent engineers" to assist in planning what roads should be the subject of bond issues, and with power in that same authority, to continue to employ such engineers, inspectors, and assistants, as necessary to see to it that construction contracts were in fact performed.

The foregoing statements, the illustrations and figures which appear in this article are with respect to the actual experiences of Maricopa County

with the activities of its county highway commission.

This Magazine has no quarrel with any highway commission. It can assume that any audit of the expenditures of such commissions will show that balances of funds on hand, added to vouchers, will equal the funds available for use in highway construction under the supervision and control of any such commission. This Magazine has advocated, and must, in connection with county highway commissions, advocate the abolishing thereof, to the same extent that each and every agency of the public should be abolished, as a means of public economy, as a means of finally reducing the cost to taxpayers of public activities, unless it appear, that the increased cost of maintaining and continuing the particular agency reflects itself in benefits to the public, such benefits as would not result, if the same activities were in charge of other agencies, which in turn, could produce the same benefits to the public at a saving of cost to the public.

The Magazine is not attacking any commission, its members, or employees. It is, under the meaning of "necessity," and as a suggestion of possible economy, consistent with equal efficiency in public work, raising the question of whether the expense of such commissions is a necessary public expense. If, in a discussion of that question the public arrive at the conclusion favoring the necessity, then such commissions should be continued, if the conclusion is to the contrary, then those commissions should be abolished.

What do such commissions cost the public?

There are twelve such commissions in the state. Each commission has its secretary. Each has its engineer and other assistants. The minimum number of persons connected with these commissions is eighty-four, composed of five commissioners, one secretary, one engineer, for each of the twelve counties. The minimum cost per day, for each day those commissions function, is at least \$840.00. The actual expenses of the highway commission of Maricopa County, as shown by an auditor's report covering that expense, appears in the table which is appended to this article.

That table is divided into several heads, but is not totalled, except in a forced aggregate. Taking the items which appear under the word: "Commission's," and which when added together shows the entire cost of that commission, standing outside of the other items of cost and expense incident to the activities of the commission, that total,

which includes items numbered "2" to "8" inclusive, is \$43,022.97.

The next group of items in the table is: "Engineer's". The total of those items is \$149,646.89.

Then follows a list of miscellaneous items, which aggregate \$11,832.62, before the table gets to equipment items. These "equipment" items amount to \$15,644.81.

The table shows an aggregate amount of \$220,147.29, as the amount actually disbursed for salaries and expenses, by the highway commission during the period covered by the table.

With a further segregation of items, and computing aggregates according to that segregation, it will appear that "auto expense" and "automobiles," accounted for \$27,433.45, of the aggregate of total expenditures. It also appears that "salaries," including the salaries of the commissioners, the clericals, and the engineers, amounted to an aggregate of \$118,501.94. The items of office expense, and rents, amount to \$8,102.78.

In connection with the above figures, it may be well to recall that each county engineer, also engaged in the ordinary work of county highway construction, has an office in the court house, is equipped with instruments, furniture and supplies, incident to his duties. It may also be recalled to mind, that each county has quite a liberal equipment of automobiles as part of the requirements for its regular activities. Recalling these facts to mind, will suggest other facts connected with the list of expenditures shown by the table referred to, and from it all will come the thought, that in many of those items, there is duplication of salaries, duplication of expenses, duplication in equipment and outfits, brought about through the requirements of the highway commission, and which might be eliminated, and saved in whole or in part, if such commissions did not exist, or had not existed at all.

The accountant in preparing the table which is presented in this article, states that the total overhead of the Maricopa County Highway Commission, connected with the completion of 116.93 miles of highway is only \$170,244.19. In arriving at these figures, some arbitrary deductions are made by the accountant. The total of such deductions is, \$41,099.77. Without more explanation, it is not apparent how a deduction of \$10,075.48 can be made from past salaries paid to the commissioners; nor how a reduction of \$21,386.47 can be made from an item of "salaries paid engineers." Is it to be assumed that future salaries, as connected with duties per-

taining to the future construction of about two hundred additional miles of highway, will be less than the salaries actually paid in connection with the construction and completion of the one hundred and sixteen, and 93/100 miles already completed?

Is it to be assumed that during the construction of the remaining two hundred miles of highway, contemplated under a second bond issue of \$4,500,000.00, as much time of the acting highway commissioners, whoever they may be, but who have charge thereof, will not be consumed and salaries drawn therefor, in connection with the same plans, same ideas, and same conception of duty, as made necessary the payment of the salaries already paid out?

In theory, certain provisions for the future, presently paid for, may lessen future costs and future expenditures. In practice, and particularly with respect to "salaries," that theory has been demonstrated not to apply. The report of the auditor who made the figures of the table, shows the fallacy of the assumption. That report shows that in September, 1919, \$500,000.00 was received from bonds; that in January, 1920, another \$500,000.00 was received; for a period of thirteen months, no further funds were received, and then in February, 1921, another \$963,000.00 was received. In the meantime highway work, that is, actual construction, was suspended, yet the amount paid as per diem salary of the five commissioners shows payment for practically continuous service during the entire period.

The actual amounts shown by the auditor's report, to have been expended from highway funds in connection with the 116.93 miles of highways completed, is \$3,537,089.18. This amount does not include interest on bonds pending partial construction of the highway system. That amount of interest is, approximately, \$164,685.00. Nor does it include various items of travelling expense, of expressage, attorney fees, and similar charges, aggregating \$6,795.00 paid from the general fund of the county. The real expenditures as connected with the first \$4,000,000.00 bond issue, from which 116.93 miles of road are finished, is \$3,708,569.15. These actual figures as to actual expenditures, bring the cost of above mileage of highways up to \$31,716.00 per mile, not the estimated average cost per mile of \$29,585.76.

With a further bond issue of \$4,500,000.00 available for the construction of the remaining two hundred and more miles of highway of the system now

planned, the funds now available may not be sufficient to meet the cost of the remainder of those roads. Certainly not, when at an average cost of \$29,-855.76 per mile, two hundred miles of highway will cost \$5,971,158.00. **Figures may be juggled, but amounts in public funds unexpended, do not increase. Results are what is brought home to the tax rolls for payment by the tax-paying public.**

Starting with a bond issue of \$4,-000,000.00 to be sufficient to construct a system of highways comprising 283 miles, or thereabouts, with that amount

practically exhausted, with only 116.93 miles of highways finished; adding thereto another bond issue of \$4,500,-000.00, or \$4,800,000.00 if premium is added, with supposedly actual figures of cost showing that the additional funds will not complete the programme of highway building, from that start the road leads to the question first asked: "Are County Highway Commissions such a public necessity, as to warrant their existence?"

The answer to that question we leave to our readers.

THE COST OF GOVERNMENT

When questions of amounts of taxes are discussed, the discussion quite frequently deals with aggregate amounts only, and if those aggregate amounts in one year are more than they were in another year, the first conclusion is that it is costing too much for government, without any consideration at all as to the objects, purposes, and actual public activities, for which the money is actually expended.

If the law prescribes that a certain public improvement be undertaken, or prescribes that a certain public activity be followed out along certain lines, and in connection therewith, the law itself makes an appropriation, the amount of that appropriation becomes an item in the list of costs, and goes to make up the tax rates for the year. If the administrative officers, in good faith, with the exercise of good business judgment, and with such an application of principles of economy as applied to any fund appropriated for public uses and purposes, as will cause that fund to be applied to its purpose without useless expense, with what may be termed a minimum of "overhead charges and expenses," coupled with close figuring of real worth as compared with contract prices connected with the letting of contracts for payment from each fund, then under such circumstances, if the public wish to reduce the tax rates, the action to that end must start at the beginning. The public must consider each purpose, object, and proposed public activity before it is undertaken. It must give consideration to the probable cost thereof. It must consider the cost of each proposition, in connection with the cost of every other similar proposition. It must consider the possible aggregate of all propositions. If these considerations, carefully made, result in a possible aggregate which is beyond what the public is willing to pay, or result in an aggregate

which is out of proportion to anything that the public can presently afford to pay, the relief against high taxes must take the form of the "ounce of prevention." The public must select from its many demands for public activities, such as are indispensable, place the required costs thereof in the column of necessary public costs of government; it must place nothing more in that same column, unless at the same time it is willing to stand the cost thereof reflected in the aggregate of taxes which must be paid.

One way of looking at the increased cost of government, is to consider that increased cost as the direct result of demands made by the public as to the nature, extent, and purposes of public activities. When "the public" is referred to it is understood to mean all citizens who directly or indirectly contribute to public taxes. The simple machinery of such government as it existed under the forefathers of the present generation, was such machinery as was absolutely indispensable to any efficient government at all. Yet that simple plan of government, as it then existed, endured the test of every attack, and continues through to the present day. Its machinery and the workings thereof, may be obscured by the many trimmings and additions thereto which have been made, following the public demand, that to the government itself, and to its officers, we, the public, must look for every panacea and for every remedy for every apparent ill in private business. "Let it be done at public expense," is today, the all too ready answer to financing any large project in which considerable numbers of the public may be privately interested. The growth of "paternalism" as an appendage to the necessary

(Continued on page 6)

TABLE FROM M

1 Funds made available from sale of bond	
2 Commission's Auto Expense	.....
3 Commission's Clerical Salary	.....
4 Commission's General Expense	.....
5 Commission's Office Expense	.....
6 Commission's Rent of Office	.....
7 Commission's Salaries	.....
8 Commission's Traveling Expenses	.....
9 Engineers' Auto Expense	.....
10 Engineers' General Expense	.....
11 Engineers' Office Expense	.....
12 Engineers' Rent	.....
13 Engineers' Salaries	.....
14 Engineers' Inspection	.....
15 Engineers' Insurance and Bond Premium	.....
16 Engineers' Survey Stakes, etc.	.....
17 Advertising for Bids	.....
18 Payment to County Officers, delivering	.....
19 Railroad Rates Experts' Fees & Expenses	.....
20 Advertising Bond Sale	.....
21 Election Expense	.....
22 Legal Expense	.....
23 Specification Books	.....
24 Blue Printing	.....
25 Equipment, Furniture & Fixtures	.....
26 Equipment, Engineering & Laboratory	.....
27 Equipment, Garage	.....
28 Equipment, Automobiles	.....
29 Drilling and Filling Expansion Joints	.....
30 Expansion Joint Equipment	.....
31 Construction Cost to October 31, 1921	.....
116.9336 miles as per schedule	.....
Less 15% on work not finally accepted	.....
32 Due from State	.....
33 Due from Railroad	.....
34 Balance in Fund	.....

THE AUDITOR'S AGGREGATES IN THE REPORT OF EXPENDITURES OF MARICOPA COUNTY HIGHWAY COMMISSION

	Per cent of \$4,000,000	Charges Applicable to 116.9336 miles	Charges Appli- cable to Bal. of original project of 283	Appraised Val- ue of Fixed Assets and Cash in fund, etc.
06.26				
\$ 1,059.44	.0265	\$ 1,059.44		
5,066.66	.1267	3,619.20	\$ 1,447.46	
461.02	.0115	277.90	183.12	
1,870.86	.0468	1,222.60	648.26	
1,142.50	.0286	919.51	222.99	
31,950.00	.7988	21,874.52	10,075.48	
1,472.49	.0368	1,472.49		
18,298.24	.4575	15,047.26	3,250.98	
1,796.99	.0449	1,308.00	488.99	
3,946.92	.0987	2,812.95	1,133.97	
1,142.50	.0286	919.51	222.99	
81,485.28	2.0371	60,098.81	21,386.47	
40,223.86	1.0056	40,223.86		
890.50	.0223	890.50		
1,861.60	.0465	1,729.57	132.03	
345.48	.0086	345.48		
574.13	.0143	574.13		
657.68	.0164	657.68		
714.00	.0179	714.00		
4,031.94	.1008	4,031.94		
2,483.00	.0621	1,025.95	1,457.05	
650.15	.0162	650.15		
2,376.24	.0594	1,926.26	449.98	
599.90	.0150	99.90		\$ 500.00
6,511.83	.1628	1,609.50		4,902.33
457.31	.0114	207.31		250.00
8,075.77	.2019	4,925.77		3,150.00
		\$170,244.19	Total Overhead	
5,599.48	.1400	5,599.48	\$6,097.99	4,486.66
4,985.17	.1246	498.51		
4,800.02				
7,054.17	\$3,287,745.85	82.1936	3,314,800.02	
				1,586.44
1,586.44	.0397			17,025.95
17,025.95	.4256			384,517.08
384,517.08	9.6129			
21,606.26	3,921,606.26	98.0401	\$3,491,142.20	\$416,418.46
			\$41,099.77	

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JANUARY, 1922 50 Cents

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Cost Of Government

(Continued from page 4)

indispensable to actual governmental requirements, is a growth which stands out and is in the main accountable for the enormous increase in the amount of public expenditures.

Returning to the subject. The point which is presented is, that the "cost of government" includes every expenditure made for all public purposes. That, included therein, are the indispensable costs of the absolutely necessary offices and officers of the three main departments of our adopted form of government. Also, included therein, is the salary lists of those offices, with the attendant expenses incident to the transaction of their activities. The salaries are fixed items. The expenses are to some extent within the control of the officers who make them. Appropriations which fix an aggregate of and for such expense, afford a check upon the ultimate amounts expended. Such amounts and such purposes of government as here referred to are the regular, current, and continuing purposes, without which government cannot exist at all. The "cost of government" includes, in ad-

dition to what is above referred to, the cost of many additional public boards, public commissions, offices and officers, whose duties and activities are along special lines. With activities which may or may not be necessary, and whose purposes and objects may be such that those activities may be suspended, or may be postponed, and leave the machinery of government still working smoothly and efficiently, without that suspension being noticed by the public in general. Or, with activities and purposes viewed only as necessary to results for such a remote future, that the present public can well look to what is presently required, and leave something for future generations to work out for themselves.

Still other elements of "cost of government" are those included in expenditures for public buildings, for highways, bridges, enlargements of institutional properties, and the like. These costs may be termed "capital investments," having the purpose of permanency in connection with each expenditure therefor. A consideration of the purposes, of the costs, and the present necessity for any such "capital investment," seems to be a consideration for the attention of every economist, who has for a purpose the reduction of taxes, by reducing, where possible, the "costs of government," which result in taxation.

The Magazine has ventured the foregoing statements for the consideration of its readers, in connection with the pyramid of increased taxation amounts which appear upon the title page of this issue. It does not wish its readers to take the \$5,550,302.98 amount of taxes for the year 1913, and after comparing those figures with the \$17,431,558.85 amount of taxes for the year 1921, stop and place the blame at the door of any particular officer, nor at the door of any department, nor at the doors of either the legislature or the administrative officers. It desires to have the suggestions considered, as a means of bringing about a careful, close, and full investigation of the whole subject of governmental costs. To start that investigation at the beginning and go into the operations of the entire machinery of government. When that is done, then the proper adjustments and readjustments can be made intelligently and effectively.

The taxpayers of this state are confronted with the proposition that the entire aggregate of taxes for all public purposes has increased from \$5,550,302.00 in the year 1913, to \$17,431,558.00 in the year 1921. The object lesson from that increase may be that the plans of the public have been along the lines of attempting to run too large a machine for

governmental purposes. Too large in the sense, that the cost of it all, with interest charges, and investments for future enjoyment, are beyond the ability of the taxpayers to carry without strain. If that is the object lesson, then the remedy is plain. The plans, purposes and immediate aims of the public, must be reduced to such an extent as to result in plans which can be carried out without disastrous burden upon the present public, brought about through high taxes.

If the investigation of economists leads to the conclusion that the Arizona public is attempting to proceed under too much power, with too large an engine for progress, then the first step towards economy will be to remodel that engine to present need efficiency. It will be unavailing to attempt to find a remedy solely in the current costs of operation, even though there may be leaks as connected with those costs. If there is something the matter with the whole system, find the cause and correct it. Reduce, eliminate, and abolish every unnecessary feature in that system. With all that done, then with careful attention to the operating costs of the reconstructed system in the future, the main cause of increased governmental costs will be dealt with first, and all further economy possible, will follow as a necessary sequence.

If the public continue to demand that governmental activities be conducted at "high-speed," with high-power, costly engines for that speed, and make those demands and insist that same be met, regardless of present cost, then governmental costs will continue to increase, and taxes will not grow less. The law of supply and demand applies to the situation. The public demand, the taxpayers furnish the money, and high taxes and increasingly higher and yet higher taxes and tax rates follow as an unavoidable result.

The public control the matter of demands. The same public can, if it will, control the amount of public expenditures, the amount of public taxes, in the same ratio that it is willing to lessen those demands.

Administrative officers may be extravagant. Their expenses may be excessive. There may be room for improvement and for economies in connection with the indispensable activities of government. But when the costs of government are considered in a comprehensive manner, the greatly increased cost has arisen through catering without limit to demands for this, that or the other, public activity. The root of the whole matter is in the ground work of such demands.

Shall the Voters of this State Authorize an Issue of State Bonds to the Amount of a Possible \$45,000,000.00 For Irrigation Districts?

The above proposition is but another way of asking what will be done with House Bill 83, which proposes an amendment to the present constitution, under which the state may lend its aid to irrigation districts, and issue bonds. The main features of House Bill 83 have been published heretofore. A serial discussion of what might be possible if the constitution is so amended, has been promised by the Magazine, and this article is in compliance with that promise.

Proponents of the amendment urge that the state will ultimately be fully released from all liability on account of state bonds to be issued pursuant to the proposed amendment. Urge that under the provisions of Chapter 80 of Session Laws of 1921, legislative provision is made through which each and every irrigation district which desires state aid bonds, can issue irrigation district bonds, the interest upon which will be paid in taxes upon the lands of the district, the principal of which will be paid in like manner and through similar means, with the final result that the lands benefitted in any district will ultimately discharge the liability first assumed by the state.

The question which confronts the voters is: Will the scheme work out?

Irrigation Districts Are "Municipal Corporations"

What is the legal status of an irrigation district in connection with questions of taxation and bond issues? Prior to 1921, the courts of other states had decided that irrigation districts are "municipal corporations;" the 1921 legislature set all doubt upon the point as to the general legal character of such districts when it enacted that:

"Under all laws of the State of Arizona affecting or relating to irrigation districts such irrigation districts shall be deemed, held and construed to be municipal corporations, in the construction and application thereof."

As such "municipal corporations" the power of irrigation districts to issue bonds is limited by still other provisions of the constitution of Arizona, other than the particular "Section 5 of Article IX" to which a proposed amendment is offered. Reference is made to the provisions of Section 8, Article IX, which provides:

"No * * * municipal corporation

shall for any purpose become indebted in any amount exceeding four per centum of the taxable property in such * * * municipal corporation, without the assent of a majority of the property taxpayers, who must also in all respects be qualified electors, therein voting at an election provided by law to be held for the purpose. * * * the value of the taxable property therein to be ascertained by the last assessment for state and county purposes, previous to incurring such indebtedness."

Reference is also made to Section 12, Article VII of the constitution, which provides:

"Questions upon bond issues or special assessments shall be submitted to the vote of property taxpayers, who shall also in all respects be qualified electors of the state, and of the political subdivision affected by such question."

Reference is also made to Section 2, Article VII of state constitution which provides that no person shall vote upon any question which may be submitted to a vote of the people unless such person shall be a citizen of the United States of the age of twenty-one years or over, and shall have resided in the state one year immediately preceding such election. The irrigation district code enacted in 1921, attempts to extend the right to vote upon, "bond issues and special assessments" to persons who have held evidences of title to lands in the district for thirty days preceding the date of elections for such purposes, and who have resided continuously for six months preceding such election, "in any county in which such district shall lie."

Illegal Bond Issues Will Follow Attempt to Qualify Voters Upon Such Issues

Assuming then, that present irrigation districts have been organized and the officers thereof selected, in elections called under the statutory provisions, and upon votes of persons who have not resided in the state for one year, and of persons who at the time of voting were not residents of the district itself. Assume further, that authority to bond the district for more than "four per cent of its assessed valuation" be authorized under the statutory provisions, standing in defiance of plain requirements as to qualifications of voters

as fixed by the constitution itself. Then in what position would the state be placed, if some non-resident property owner, whose property in the district was to be encumbered to an amount of seventy-five to one hundred dollars or more per acre, for "district irrigation bonds," came into court to assert the illegality of the whole proceeding. Including the illegality of the bonds. Would not a successful attack so made, leave the state "holding the sack," by leaving it with its bonds outstanding, and no valid liability in bonds of the district to pay those bonds?

The above suggestions would not be made, if it were not a fact that at least one irrigation district exists in Maricopa County, the plans of which are all "cut and dried," to go at once, in event the voters of the state enact the proposed House Bill 83 into the constitution of this state. At least twelve millions of bonds will be applied for under that organization and for its purposes. At least \$600,000.00 will be added to the tax rolls as soon as possible. In the first instance this amount will be in the "state taxes" upon said rolls. Whether or not any portion of these taxes are repaid from the property included in the district, depends not only upon the ability of those lands to stand that burden, but upon the question of legality of the tax at all, for reasons above pointed out, bearing upon that question of illegality.

The Constitution Places a Limit as to Bond Issues to Be Voted

House Bill No. 83 does not purport to authorize any bond issue except by the state. It may be urged that the framers of the constitution intended through the present provisions of Section 8 of Article IX, of the constitution, to limit the bonded debts of counties, and other municipalities to not exceed "ten per cent of the assessed valuation" thereof, except in certain exceptions, made as to incorporated cities and towns, and even in those exceptions, not to exceed fifteen per cent, as the final limit of bond issues to be authorized by vote. If those limitations were not intended to apply to any possible portions of any county, then the legislature has simply to provide new names, for new municipal corporations, discarding the words "cities and towns", and proceed to authorize bond issues in unlimited amounts for

such newly created municipal corporations.

If the legislature can carve out one portion of a county, of say 100,000 acres, and as to that portion authorize a public bond issue equalling at least seventy-five per cent of the entire value of the land so selected, and do so for one public purpose, there is nothing to prevent a continued subdivision of the county into more and more portions, with bond issues for each, regardless of limit, and continue to do so, until the whole county is in fact plastered with bonding indebtedness without regard to any limit whatever. The public policy

of the provisions in the constitution was to protect the credit of cities, towns, counties, and the state. **That policy should not be set aside by indirection, by subterfuge, or otherwise.**

The Policy of Protecting Public Credit Should Be Preserved by the Voters

There may be power in the legislature to authorize without limit the issuance of bonds by irrigation districts. The foregoing suggestions may not be accepted by the courts as reasons for denying that power in the legislature. As a practical proposition, the business world will not accept public securities to amounts as would be issued by irriga-

tion districts in connection with what now proposed in House Bill No. 83, and the laws which are connected therewith to give it effect if adopted by the people. **The credit of the state, back of such issues, puts the entire commercial value in the whole scheme as to bonds.**

The people of this state have it in their power to preserve the credit of the state, its counties, and political subdivisions, by looking back to the constitutional limits as to bonded indebtedness affecting that credit, and refusing sanction to a plan which will open wide the doors to bonded indebtedness.

Resolutions Adopted by the Supervisors' Association of Arizona

At a meeting of the Association of Supervisors of the State of Arizona, held in Phoenix recently, representatives of ten counties in the state were present. Anticipating that a special session of the legislature would be called, this meeting considered several matters of importance which had come before their members in connection with their official duties, with a result that a resolution was adopted and submitted to the governor, as follows:

"To His Excellency,

"The Governor of Arizona.

"Dear Sir:

"The Supervisors' Association of Arizona, in conference had this 6th day of January, 1922, respectfully ask that you include in your call for a special session of the legislature the following essential legislations, pertinent to the present financial and industrial conditions of the several counties of the state:

"First: We recommend that the present budget law be amended to allow the transfer of funds (other than sinking and interest funds) from a surplus to a depleted fund, this for the purpose of carrying on the necessary operations of the county or city governments; Provided, however, that expenditures on account of any such depleted fund shall not have exceeded the amount allotted to it in the published budget for the current fiscal year.

"Second: We recommend that the law governing the operation of Motor Vehicles engaged in freight and passenger traffic be amended regulating the tonnage and wheel-tread so as to protect the roads and pavements over which they operate; we further recommend amending the license tax so that a reasonable license tax be levied and collected from such motor vehicles so that they may assume their just proportion of the cost of maintenance of the roads over which they operate, and where any transportation line maintains a regular inter-county service, that the license fees collected from

them be apportioned between such counties on the respective mileage basis of roads maintained by the counties and used by them. We also further recommend that all moneys collected as license fees for motor vehicles be expended by the State Highway Department in the counties in which they were collected.

"Third: We recommend that a transit herd law, similar to the California law, be enacted through and by which the residents of this state may be protected from the transient herds of the neighboring states.

"Fourth: We recommend that the County Highway Commissions be abolished and that the duties now performed by them be assumed by the county boards of supervisors."

In connection with the above, a further resolution was adopted, to the effect that a standing committee of five members be appointed to confer with the Legal Department of the State Taxpayers' Association as to the preparation of such proposed laws as would give effect to the purposes of the resolutions given above, in the event the call of the Governor should include those subjects as within the matters to be legislated upon by a special session.

QUESTION AND ANSWER

What is meant by the words, "taxes of 1921" and "tax rolls of 1921," in connection with the payment of expenditures of public moneys collected upon those rolls?

The answer to the above question is, that the year referred to in that connection is the year in which assessments are made, tax rolls prepared, and taxes collected for the business of "fiscal years"; that is, the fiscal year in connection with the public finances of the state begins on the first day of July of each current year and ends on the last day of June of the next year. Thus, a fiscal year is referred

to as the year 1921-1922, and the tax rolls and tax moneys collected upon that roll is referred to as the year "1921 tax roll,"—taking its year from the current year in which the first portion of a fiscal year commences. Under the provision of Chapter 9, Second Special Session, Laws of 1915, one-half of the taxes upon the rolls of each year is due and payable on the first Monday in September in that year; and this half of the taxes, if not paid, is deemed delinquent on the first Monday in November of that same year. The second half of the taxes upon that roll is made due and payable on and after the first Monday in March of the next year, and becomes delinquent on the first Monday in May thereafter. From this it will appear that but one-half of the taxes which are applicable to the business of a fiscal year—beginning, for instance, July 1, 1921, and ending June 30, 1922—is actually due in the treasury prior to the first Monday in September of 1921, and that half continues to be paid in without delinquency until the first Monday in November, 1921, and that the remaining half of the money to be used for the purposes of that same fiscal year is not due until the first Monday in March, 1922, and if not then paid is not delinquent until the first Monday in May, 1922. For purposes connected with the conduct of public business, appropriations for state business, county budgets and estimates for county business, and city and town estimates for their affairs, speak as if the moneys were actually available as of date, the beginning of each fiscal year, *i. e.*, in the illustration made as of July 1, 1921, and under existing laws public officials go ahead with the public business as if the money was so available, and warrants are drawn for payment of claims against different appropriations, regardless of the fact that, under the scheme as outlined in this answer, the tax money with which to pay those warrants will not, in any event, be available until the first Monday in September and thereafter in installments to the due dates named.

FEB 20 1922

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Phoenix, Ariz.
Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, FEBRUARY, 1922

NUMBER TWO

WELCOME THE LEGISLATURE

The present emergency to the extent that a special session of the state legislature may afford relief to the mass of our citizens is encompassed in that portion of the language of the call for that session, as follows:

2. TO CONSIDER ALL EXISTING APPROPRIATION LAWS, REVISING SUCH APPROPRIATION LAWS AND APPROPRIATIONS TO CONFORM TO PRESENT ECONOMIC CONDITIONS;

3. TO ADOPT A FISCAL CODE BY ENACTMENT OF NEW LAWS OR AMENDMENT OF EXISTING LAWS, PROVIDING FOR THE CREATION OF A GENERAL FUND, AND ESTABLISHING CERTAIN LIMITATIONS AS TO EXPENDITURES THEREFROM;

5. TO CONSIDER GOVERNMENTAL MACHINERY, STATE, COUNTY AND MUNICIPAL, WITH A VIEW TO MORE CLOSELY CO-ORDINATING, OR ABOLISHING, CERTAIN AGENCIES AND ACTIVITIES, AND REVISING EXPENDITURES IN CONNECTION THEREWITH.

This Magazine has faith in the integrity and in the good judgment of our legislature, and faith that it will in its special session devote its energies to such legislation as will meet the above suggested emergencies and thereby relieve the Arizona public from its present burden of excessive taxation, and so enact as to prevent future excesses in appropriations and do so as a means of keeping the aggregate of public expenditures as connected with authorized public purposes, within the real financial ability of the public to pay without future strain and without continued oppressive burden upon private enterprises and industries. Therefore

WELCOME THE LEGISLATURE

EDITORIAL COMMENT

Consistency of Purpose Towards Continued Public Economy Is Necessary To a Reduction of Costs of Government

There seems to be one thought in the mind of the general public, one conclusion upon which all individuals are agreed. The costs of public activities are beyond the present ability of private industrial operation to stand, except as a burden which has reached an extreme limit. All thinking persons are looking for remedies; are looking for such remedies as will relieve the situation, as will bring about a lessened cost burden incident to public business, without weakening the necessary efficiency of government itself. The habit of thinking along economical lines, and adapting those thoughts to action itself, will have to be an acquired habit, it does not come naturally to the present American public. Not only must the habit be acquired for the present, but that habit must be so acquired that present action pursuant to it will tend to carry ideas of economy into the near future. There will be very little really accomplished, if strenuous efforts are made to reduce the immediately to be made expenditures in connection with public purposes, unless coupled with those efforts there comes an equally consistent plan for future action as applied to public enterprises, which will prevent a repetition of the situation which has come upon the present public, that situation of an almost intolerable aggregate of taxes imposed for public purposes now included in the entire category of what is undertaken at public expense.

Eliminate All Except Really Indispensable Public Functions From Present Consideration

To be consistent is the real purpose of reconstruction in what is presently undertaken at public cost. The having in mind such reduction in the number of things so undertaken, that will leave only the really indispensable functions, with the burden thereof, as the only burden to be borne by the taxpayers, if only for a temporary expediency, and only to the end of temporary reduction in the aggregate of taxes to be levied, is hardly consistent with such really necessary reconstruction as will bring about permanent and lasting protection against again facing a similar situation,

similar to that for which a remedy is presently sought.

Save For Real Economy of Purpose. Don't Save Today to Squander Tomorrow

The New Year's resolution which individuals make that they will economize and save, and come to the end of the year with an accumulated savings through that economy, cannot be and is not consistent with thoughts running through the mind of that same individual, that with that saving, when made, indulgence will be made in something which is among the luxuries of life, but not among the real necessities. **If economy is practiced today with the idea of unrestrained expenditure tomorrow of what is saved today, the final result is that nothing has been accomplished.** If, after months of saving through methods of economy, the saver immediately indulges in the erection of a mansion with those savings, if in the meantime his real income has not increased to such an extent, that he can maintain that mansion; then from a practical viewpoint, with the mansion on his hands, the individual is in far worse position from the standpoint of economy than when he started. The amount of fixed expense has been increased, his income has not proportionately increased, his financial burden again becomes a strain. He faces failure rather than future success.

Relieve Today's Financial Burdens by Postponing for the Future Some Projects Not Immediately Required to Meet Present Conditions or Demands

There are many projects for the development of the state which have been undertaken at public expense. Some of such projects will have immediate results along lines of increasing the material wealth of the state itself, increasing the means of transacting the private industries in the state, increasing the number of inhabitants, and through other similar means, make the present public outlay immediately profitable. There are other projects, the results of which are necessarily only

such results as may be attained at such a remote period that the public expenditures to be immediately made, are expenditures to be considered closely before those expenditures are authorized. There may be merit in the latter class of projects. They may each become in time just as immediately profitable, considered as an investment in the same light as the projects first mentioned are so immediately profitable to the public, but with respect to such projects, the question must be asked, whether real economy to the end of real future prosperity of our public does not require that such projects be left out of the present financial budgets of the present taxpaying public until such time as that same budget can be provided with the funds which are actually necessary in connection with present conditions.

With the Individuals as Units of Our Public Already Burdened to the Limit, That Public Cannot Assume Further Public Burdens Without Oppression Upon Individuals

Is the public as a whole in any different class, respecting real economy, than each individual which is a unit therein. If every unit of the public is at present straining every effort to make "both ends meet" and in that effort is confronted with high costs, high taxes, and other numerous obstacles, which make the individual task arduous, and difficult almost to the extent of seemingly impossible, is there any consistency in urging further public burdens, to be carried out through increased taxation, with that increased taxation to come only from the individual units in the public, each of such units already strained to the limit in individual financial burdens, including each individual's share of taxes already required and demanded for public purposes already undertaken.

Rome Was Not Built in a Day, But Crumbled From Excess and Public Extravagance

History tells us that the remaining ruins of the pyramids in the deserts of

the Nile; the ruins of ancient temples which mark the entire course of that river, including the columns of the ruined temple of ancient Karnak, are all that remains of magnificent structures erected over the backs of ancient toilers. That the stones of those structures were transported hundreds of miles upon the shoulders of their builders. Imagine, if you can, a group of toilers wending their weary way burdened with some unit stone for use in efforts to construct some temple which to their minds was immediately necessary, voluntarily stopping and picking up as further weight upon overtaxed muscles, some block of stone to be used for future temples. Yet the present day idea seems to be that the public as a whole can undertake the financial burden necessary to the promotion of future projects, regardless of the unit burden now borne by the individuals of

that public. The ancient toilers went the limit of endurance for present necessities, more they could not do, to them the problem was easily answered. Is the situation really any different today. Will not the public, sooner or later come to disaster through the crushing weight of attempting to carry not only the burdens of present financial costs necessary to substantial and lasting progress and development of the governmental objects and purposes, necessary to individual progress, prosperity and happiness, but attempting to add thereto, the weight of objects and purposes, which in the future may be as necessary, as any project or purpose which is now actually so.

If this article has digressed from its title, that digression has been for the purpose of illustrating the real meat in that title. **The public of today is fac-**

ing an aggregate of taxes, which has been the result of an indiscriminate use of public money in the promotion of projects which are more or less speculative, when considered in the light of real profitable results to the public itself. The public today is unanimous in calling for a lessened amount of the aggregate of public expenditures, that tax burdens may be lessened. Whatever remedy may be possible to the desired result, must be such a remedy as will include consistent lines of thought and action towards economy. Lines of thought and for proposed future action which include no more than an attempt to save a dime today, and which include also plans for spending dollars in the immediate future, are lines of thought and for proposed action which are absolutely inconsistent with any efficient remedy for the present high cost of public government.

WHEN BUDGETS ARE EFFECTIVE FOR ECONOMY

The idea of a budget system is quite new in Arizona so far as any real law upon the subject goes. In reality the second annual budget is just now before the legislature in special session.

The first budget of the state which became some basis for the appropriations made by the 1921 Legislature, was prepared under circumstances not entirely conducive to the most effective results from a "budget". The figures of that budget were necessarily taken from records which in themselves had not been kept with the idea of being of assistance in the preparation of a real budget. The second budget may be of more assistance than the first, because of attempts made by public officers to comply with the requirements of the budget law as to keeping of records, showing actual disbursements, contracts requiring more disbursements which encumbered actual balances of money in hand appropriated for different public purposes, and showing other material facts bearing directly upon the financial condition of the funds of the state, the real needs of its institutions for necessary maintenance and support. As time goes on, with the system still more intelligently worked out in all departments, institutions and public offices, legislators will have before them, the real situations as to what it really costs, what it has cost for a period of years, with the details of items of costs,

all for the use of those legislators in the matter of appropriations.

Keep Expenditures Within Appropriations Only One Feature of a Budget System

To those who have an idea that the budget system is no more than an attempt to keep public officials within the limits of appropriations made for the public duties, public functions, and public activities of the state, under the respective control of each officer or group of officers, it may be said that a real budget system is not to be confined to that one purpose or idea. It may be said also, that the idea of a budget to prevent over-expenditure is only an incident to the main purpose of a budget system. That main purpose is to so plan the entire public cost of the administration of public expenditures, that ample provision be made for all essentials, when all unnecessary items have been eliminated. **To plan to eliminate every useless public function and by so doing, reduce the cost of all.** The budget system in its entirety will afford the basis for examining into every item of public expenditure, the aggregate of all such expenditures, and show just where, if at all, savings can be effected.

A Budget Based Upon Appropriations Not Limited Either As To Purpose, Items or Amounts, Will Not Be Effective of Economy

It goes without saying, if the final

purpose of a budget system is no more than a purpose to keep public officials within the limits of appropriations; and if those appropriations are in the first instance made without any consideration as to real requirements, and so made in amounts requested by the heads of offices and departments, with no regard whatever to what the aggregate of the entire budget may be in dollars. Or, in other words, if the budget is framed in amounts, items, and purposes, to meet the unlimited demands for appropriations, regardless of real necessities, without consideration of an increased aggregate in funds necessary to pay that budget out, then the budget law would be of no use for purposes of such economy as might be practiced in connection with public costs, with an efficiently conducted government remaining and those economies made.

A budget system, nor any other system, will not result in protection to the public from the constantly increased amount in public expenditures, if, no attempt is made in the first instance to limit the numbers of public purposes, nor, if no attempt is made to anticipate the required and actually necessary cost of any purpose. There is nothing inherent in the name "BUDGET" which unaided by real determined efforts, will reduce public expenditures.

On the other hand it is undeniably

true that a carefully planned budget system, coupled with a determined effort at economy, will through the means of such a system, afford the ground work for successful efforts in real public economy. In defense of the budget system, it may be truly said that such systems, if followed out with a full purpose of deriving all possible benefits thereof, will come nearer giving to the legislatures the real facts from which to work out appropriations along lines of actual necessities, both as to items and as to amounts, than any other plan which has been attempted.

If the public itself and public officials have no real intent to curtail the amounts of costs of public purposes, and talk economy in theory only, with no idea that it will be practiced as connected with those purposes, then a "budget" law, will be almost as ineffective

as any other law is likewise ineffective because of lack of public support.

One Purpose of a Budget System Is To Cut Out Demands for Appropriations for Purposes Not Necessary To The Public Itself

If the demands of the public continue without any abatement, and those demands take the form of requiring more, more, and yet more, from the government—whether state, municipal or county—and if all such demands are compiled with through the enactment of laws which will add more and more to the numbers of public functions, and more and more to the amount of money required to so do. If, on the one hand, a salary is cut here, or an expense account is reduced there, while on the other hand laws are at the same time enacted, through which annual expenditures of tax moneys will be increased,

through bond issues, with their required interest and sinking fund charges. If there is no consistent purpose, insisted upon by the public itself, to cut out the unnecessary from present costs of present public functions, coupled with a like insistence that no more public functions be undertaken, until at least the conditions have so changed, that the public can really afford such undertakings. If all this is to continue in the future as it has continued in the past, then a so-called "budget system" is and can be no more than another ornament among other useless fixtures in the machinery of government.

If, however, the public really desires a tool for efficient use in connection with a desire to retrench from the heretofore unlimited expenditure of public money, then the "budget system" will be that tool. If used and applied in good faith it will do the work.

Budget and State Taxes in Nevada

Extract from an Article by Hon. F. N. Fletcher, Secretary of the Nevada Tax Commission, and published in January 1922, issue of The Bulletin of the National Tax Association.)

For those of our readers who may not have access to the Bulletin of the National Tax Association, and who are interested in a study of the workings of budget systems, a portion of an article described in the above heading is published below. From what is so published it appears that in actual effect in our sister state of Nevada, the budget system was immediately beneficial to the taxpayers of that state. How and why it was so, appears from the quotations from the article itself as follows:

"Readers of the Bulletin are familiar with the provisions of the executive budget. Any budget system is good if it is well administered; the executive budget is superior in that, as Carlyle said something else, it "has a man behind it" instead of a commission. In a republican form of government the people are supposed to get what is good for them by electing representatives who know what is good for them. To realize how great is this hallucination one has only to watch a legislature in the throes of statecraft. In few other experiences of life, perhaps, have so many men, of the "honest, hard-headed" type, been so thoroughly disillusioned as to their own ability, and so thoroughly disgust-

ed with matters political, as in state legislatures. This comes about more often than otherwise because legislators, however well they may know their own business, are absolutely at sea when faced by the business of the state. In former years in Nevada, about fifty-nine days of the sixty allowed to the legislature were spent in discussing and disposing of bills having nothing to do with the State's finances, but chiefly concerned with befuddled notions of reform or matters of local or personal interest. On the last day of the session, with all the other rush, with members worn out and lacking interest, the one big business of every legislature was sprung in the shape of a general appropriation bill, which, with many incongruities, without adequate consideration, and with little relation to the financial condition of the state, was finally passed, after the statehouse clock had been duly turned back to preserve the outward semblance of legitimacy. That which should be of first importance and longest deliberated upon, was the last to be taken under advisement and the least considered.

The budget law, and in Nevada it is as yet only a law which any legislature may amend or repeal, has changed all that. The otherwise confused and bungling legislator is now at the outset of the session armed with the information that he must have if he is to do for the fairs. Fortunately the budget in Nevada

state what his admiring constituents have watched him do in his own af-fair had "a man behind it" who was able, fearless and thoroughly in favor of the plan. Governor Boyle presented the legislature with a complete and easily comprehended statement of the state's finances. It was the result of a vast amount of labor and investigation such as had never before been given to the state's affairs; such as could not have been given by the legislature itself. It cannot be said that the "honest hard-headed" representative was overjoyed at receiving it. There were murmurs, long, if not loud, over executive interference; for the document not only disclosed the itemized costs of all departments of the state government for the two years preceding, but it recommended the expenditures in all departments, except the legislative, for the two years to come; and as the law directed, it was accompanied by a bill providing for the appropriation of the amounts recommended.

There probably never was a more highly intelligent body of legislators in Nevada than the last; certainly none more bent on cutting down expenses. The net result of their actions, to their credit be it said, was a small increase in the aggregate amount of expenditures recommended by the Governor. To be sure they cut some of the Governor's recommendations and raised others, but none very violently. And the

Governor stood ready at all times to point out how further reductions could be made, if so demanded, asking only that the full fiscal plans of the state as a whole be considered, so that essential work could not be crippled. The net result of this budget experiment, this laboratory test in fiscal matters, now appears to be a net decrease in the state tax rate of 12.3 per cent, one dollar in eight tax levied, comparing 1920 with 1921. It cannot be arbitrarily stated that this excellent showing resulted altogether from the budget law. Doubtless something must be credited to the determination of the taxpayers to secure

some measures of relief; but it can certainly be maintained that neither the governor nor the legislature could have acted with intelligence without the facts which the budget presented, and most bad legislation results from lack of intelligence. It is also a matter of some significance that while the state was decreasing its tax rate by 12.3 per cent, the counties and cities increased theirs by 11.3 per cent, showing rather conclusively that the reduction in state expenditures was not the result solely of popular demand. To be sure popular demand must ever furnish the motive for tax reduction, but there can be only

blind cutting and slashing, destructive of the state's best interests as a unified going concern, unless action be based on that systematized knowledge of the facts which composes a reasonable budget.

The fact that governments appropriate their money before they get it makes a wise and thoroughly considered budget even more essential in public than in private practice. It is a monument to the easy-going indifference of our people that the budget system has only this year been inaugurated in our federal affairs; That any state should longer continue without it is evidence of a lack of ordinary business sagacity."

Bonds; Bonds Redemption Funds; Interest on Bond Issues Against Economy

When it is considered that the interest paid by the Arizona public upon bond issues of all kinds already sold, aggregated over \$1,200,000.00 for the fiscal year 1921. When it is considered that county bond issues already voted but not sold, and consequently not yet present on the tax rolls for interest thereon, aggregate an amount of over \$7,500,000.00. When it is considered that these unsold bonds are for the most part six per cent per annum bonds, which means an addition of \$450,000.00 to the annual taxes, as soon as same are sold. When it is considered that the people in the various counties of this state are already paying more interest upon borrowed money for county highways and other county constructions, than it cost to run the entire government of the state for any one of the first two years of statehood. When all this is considered, careful consideration must be given to any further propositions to be undertaken at public expense, enabling still further bonds, bond interest charges, bond redemption charges, which will in turn become fixed annual charges, added to the tax rolls of the counties of the state, there to remain continually for periods ranging from ten to thirty years, fixed, exacting and not to be escaped charges to be paid by the taxpayers.

Taxes For Bond Issues Finally Paid By Whole Public

It matters not at all what particular portion of a state or county is affected by any particular bond issue. When that bond issue is a public one the burden of paying the taxes rests in the first

instance upon the particular taxing district issuing the bonds, but in the end, whoever first pays these taxes must be reimbursed directly or indirectly from the public itself. The particular tax burden upon the particular parcel of property is an expense to the owner thereof. That particular piece of property is a losing proposition unless that expense is in some manner reimbursed to the owner. That reimbursement can only come through the use to which the property is put by the owner in connection with his dealings with the public at large.

Until the era of governmental paternalism arrived in this country if a proposal was made to improve a tract of land, and in that connection it became necessary to raise funds, the whole proposition was put up to the man or men who had the money. It was dealt with strictly as a business proposition. The question involved would be the improvement be such, that with it made the land could then produce enough which, when marketed, would pay returns sufficient to defray the cost of production, pay taxes on the land, the interest on the loan, and finally pay the principal of the loan itself. Until that question could be answered in the affirmative, good business refused to become a party to the loan.

Financially Unsound Projects Promoted For Public Aid Which Would Be Positively Rejected By Private Capital

"Let the public do it." became the slogan of promoters whose schemes for development would not pass muster to

the extent of private investors with money to loan upon reasonably safe securities. Public credit is good. The people will pay, or can be made to pay taxes to preserve that credit. All that remained to evade the dictates of good business judgment, such as had refused to risk private funds, was to persuade the legislators to enact laws under which a majority of the people of a particular district could bond the lands of that district for enough to start the development scheme and with it once started it mattered little to the real promoters whether it ultimately paid out or not. Those promoters usually retired from the scene of activities with their profits in their pockets, leaving the persons who were induced to remain as settlers upon the land to face the real financial problem of making good the bonds.

The voters of Arizona are confronted with a proposition to amend the constitution of this state in such manner that the credit of the state will apparently be loaned to irrigation districts. The amount of credit to be so loaned may approach the sum of \$45,000,000.00. The voters of the state are also confronted with still another proposition to amend the constitution in such manner that bonds to the amount of four per cent of the assessed valuation of the state will be authorized and used under the direction of the legislature. This would open the doors to a further bond issue of the state itself to an aggregate of over \$33,000,000.00.

(Continued on page 6)

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BONDS—BOND REDEMPTION FUNDS —INTEREST ON BOND ISSUES. AGAINST ECONOMY

(Continued from page 5)

State Is Asked to Accept Security Which Individuals Would Not Consider Any Security Whatever

The promoters of the first plan assert that the state only loans its credit to irrigation districts. That those districts in turn issue bonds to the state which it keeps. That payment of the latter bonds will preserve the credit of the state by furnishing money to pay the interest upon state bonds, and to pay the principal upon those bonds. The public must not forget the fact that every dollar worth of bonds which passes into the hands of the real investors whose money will make possible any irrigation scheme whatsoever which may be financed through means of the proposed constitutional amendment, are dollars for the payment of which to those investors, every dollar of taxable property in the state of Arizona is pledged. The private investor would not in the first instance accept the bonds of the irrigation district itself, yet the entire public of the entire state is asked to accept those bonds as its sole security for state bonds.

The history of irrigation district

bonds has been one filled with tales of repudiation through impossibility of payment by the persons who ultimately became owners of the lands of such districts.

It is not necessary to go outside of Arizona to find illustrations of the fact that such districts do not pay out. The government of the United States loaned the people of the Salt River Valley project some twelve millions of dollars, by using that amount in the installation of one of the most practical and feasible irrigation systems in the world.

The government charges no interest in connection with the funds so advanced. It at first proposed a repayment of the principal within a ten year period. The ranchers were unable to meet that requirement and the time was extended, covering a period of twenty years, with four installments equalling two per cent of the principal, two installments equalling four per cent of the principal, and fourteen installments equaling six per cent of the principal, as the annual payments to be required during that twenty year period. Negotiations are under way for still further extensions of time in which to pay even the small annual installments required by the plan.

Let those who are advocating the idea that state bonds to raise money for irrigation and other reclamation projects is no more than "lending state credit", answer the public and tell what prospects there will be that such districts can pay six per cent interest on the loans made to install the works necessary for irrigation, and also pay the principal promptly when due, with such concrete illustrations as to how similar projects worked out right in Arizona. No interest to pay at all. And facing actual inability to presently pay two per cent installments upon principal of government aid.

Other similar projects have been promoted with money furnished by the government. Let the promoters of the scheme to bond the state for funds to install still other irrigation projects, tell the public how much has been repaid to the government in any case.

Still further illustrations appear in Arizona. They appear in the laws of the regular session of the present legislature. Investigation will show that the interest upon money loaned by the state to assist in a reclamation project dam, (in fact a replacement dam, with the lands thereunder ready for water when it could be diverted thereto from such dam) was remitted to the owners of such lands. Will continue to be remitted, until those owners are able to pay.

Prompt Payment of Interest Impossible Through Inherent Conditions Surrounding Reclamation Projects No Fault of Individuals

It matters not at all why the rancher of Salt River Valley, nor the rancher under the Lyman Dam project, or ranchers under similar projects who ever situated, have not been able to pay either interest or principal of loans made to install those projects. There is ever reason to believe that those reasons are warranted by the general circumstance surrounding each such project. The reasons are ones beyond the power of energies, the thrift, and honest intentions of the ranchers involved to control. In each case it may be justly assumed that the individuals involved are really doing the best they can do. No one can impute any actual intention of repudiations of just debts in any illustration made in this article. It all boils down to the result of an actual inability to pay.

Assuming then the real reason to be as above stated, how does that reason affect the question of a proposition to borrow money on state bonds and thereby creating state debts which will run into the millions of dollars. If the persons to be benefited by that loan and loan, cannot pay the interest thereon, will pay, and who must pay, if the credit of the state of Arizona is preserved. There is and there can be but one answer to that question. The general taxpayers of the whole state of Arizona will do the paying.

The general taxpayers will assure the entire risk of the whole proposition. Having assumed that risk and obtained the money, the taxpayers of the state must continue to pay taxes for interest and for final payment of principal, regardless of the success or failure of the irrigation project itself.

If \$45,000,000.00 of bonds are issued, then the state taxes will be increased by \$2,250,000.00 annually.

If \$33,000,000.00 additional bonds are issued, then the tax rolls of the state will be increased by still an additional \$1,650,000.00 per year.

If there were no unused, uncultivated and idle lands within present irrigating projects, that fact might be some reason why the whole public should unite in lending its credit to reclamation of other districts, that new settlers be furnished homes. But the real situation is otherwise.

If the whole taxpaying public of the state were actually able to pay promptly all taxes presently assessed for state purposes in activities already under way, there might be some plausibility in action by the public in fostering all

Further projects which will involve still additional taxes.

If, however, the credit of the state is to be preserved, the entire situation must so change, that the state itself is left upon a basis through which it can meet its current obligations, do so with-

out facing public demand for reduction of those obligations. It can hardly be sound policy to attempt to meet conditions which really demand retrenchment in the matter of public taxes and expenditures, by actually proposing the incurring of still further public obligations through bond issues in connection

with new proposed activities under state aid, which if actually attempted may double the present burden of taxes through bond interest and other charges connected with a state bonded indebtedness, necessary to such proposed undertakings.

How Shall the "Other Sources of Revenue" of the State Be Disposed of to Reduce Taxes?

It should not be lost sight of in making new laws relating to state finances, that the originally adopted policy of the state, so far as that policy is at all outlined in the constitution itself, appears in two distinct sections of that constitution as follows:

"The legislature shall provide by law for an annual tax sufficient, with other sources of revenue, to defray the necessary ordinary expenses of the state for each fiscal year."

"The revenue for the maintenance of the respective state educational institutions shall be derived from the investment of the proceeds of the sale, and from the rental of such lands as have been set aside by the Enabling Act approved June 20, 1910, or other legislative enactment of the United States, for the use and benefit of the respective state educational institutions. In addition to such income the Legislature shall make such appropriations, to be met by taxation, as shall insure the proper maintenance of all state educational institutions, and shall make such special appropriations as shall provide for their development and improvement."

Other Sources of Revenue Intended as The Foundation Support for State Institutions

Language, which when interpreted in the light of surrounding circumstances attendant upon land grants amounting to over eleven millions of acres, with a minimum sale value of three dollars per acre, stamps a plain intent that the income from those lands, with the interest derived from sales thereof, should become the primary source of funds with which to support our state educational institutions, including the state common schools. Language which when interpreted, left it to the legislature to make additional appropriations, "to be met by taxation", that such institutions be properly maintained and sup-

ported. The only confusion which has arisen since statehood has so arisen as to the meaning of the word: "appropriation". Through statutes which were indefinite in meaning, every time the legislature has mentioned a certain sum in connection with any state purpose, that mention has been construed to mean, "an appropriation to be met by taxation", rather than meaning in harmony with general statutes, that the mention of a certain sum was an authority of the legislature to state officers to issue warrants to the amount mentioned, regardless of how the money to pay those warrants reached the treasury. Hence the state tax rolls have been made for amounts specifically mentioned by the legislature, with the aggregate of all such amounts, for all purposes, used to fix the state rates. Or in other words, those other sources of revenue have been "thrown into the discard" so far as having any effect to reduce the amount of tax-raised funds for the same state purposes for which those other revenues are finally available. Or, still further to suggest the matter, the legislatures have in each session fixed an amount to the mind of those legislatures sufficient to the entire support and maintenance of state institutions, those amounts have been raised by taxation, and when the other sources of revenue have come into the treasury those revenues were "velvet". Just the same, velvet as these revenues were in fact, the financial history of the state has been, that they were expended. Consequently, the taxpayers have obtained no really substantial benefit from "other sources of revenues" in connection with state institutions. The taxpayers have supported the institutions to the full extent that respective legislatures intended as necessary, and with those other sources of revenues in hand, many of the administrative officers have added other state avenues for expendi-

ture to take up and expend both taxes and other revenues.

It does not matter whether those "other sources of revenue" were expended through real extravagance, or whether expended through an excessive zeal on the part of officers to "make a showing" for their institutions and departments. If for the first reason, then further extravagance of the same kind should be prevented. If for the second reason, the answer is that it is for the legislature to determine how much showing shall be made by any institution or by any department, so far as fixing the amount appropriated will so do. An appropriation is the setting apart of a fixed amount for a definite purpose. The making of appropriations is a legislative function. The responsibility for proper support of state institutions is placed with the legislature. If administrative officers are unable to properly perform their respective functions within the actually intended amounts of appropriation, it is really of no concern to those officers.

Taxpayers Should Have Every Benefit of Every Available Revenue To Reduce Tax Burdens

Summing the whole matter up, the taxpayers of the state have the right to assume that every other source of revenue will be first exhausted, before they are called upon to make up the difference by paying taxes towards such support. It is for the legislature to first determine what amount is necessary for proper and effective maintenance of any state activity whatever. Heretofore this determination has been more or less delegated by implication to administrative officers in tacit permission to expend every amount actually appropriated with such additional amounts, from other sources of revenue, as may drift into the treasury.

If the state finances are to be placed upon a "hard-times" sure and certain

basis. If taxes are to be reduced to such amounts only as are actually necessary to the required support of public purposes, including state departments and all state institutions, and if the special session of the legislature does in fact so act that after its labors are over, there remains no open question as to the disposition to be made of "other sources of revenue", that those revenues may actually relieve the taxpayers, then every uncertainty as to application and use of those revenues which may be found in the present laws must be eliminated. In place of that uncertainty there must be enacted such provisions as will so plainly dispose of the "other sources of revenue" that the amounts thereof will be deducted by taxing officers, by subtracting those amounts from the amounts limited by the legislature as to be used for any purpose and for all purposes, leaving the remainder only as an amount for which taxes may be collected.

Ten years of statehood have passed into history. During those ten years the actual expenditures, the actual necessities, and real requirements of any department of state, and of every state institution should, be so apparent, that certain appropriations can be made, estimates made with safety as to what receipts will accrue from the "other sources of revenue", that the special session of the legislature, aided by carefully prepared "budget estimates" will have no difficulty in legislating finally and conclusively upon the subject of what it will cost to run the state for another fiscal year, and so finally and certainly, that when its labors are over, there will remain no question but what the taxpayers of the state will be relieved from taxes for support of state institutions, to the full extent that other sources of revenues will afford that support.

So far as this article appears in imperative language, apology is offered in the use of that language, in the every general appropriation bill since 1915 has contained language which on its face made the amounts named therein "in lieu of all statutory and other appropriations". Provisions which have been ignored, in whole or in part, as occasion seemed to warrant, after the legislatures have adjourned. Experience thus gained, showing that one attempted method of doing a thing produced a failure, it is only a kind suggestion to say in connection with the same purpose, that one method having failed another method must be used.

The public should have full benefit of all other sources of revenue as relieved from taxation. What method is devised to that end is not important. The important point is that some sure method must be devised and placed in legislative language to insure that relief.

QUESTIONS AND ANSWERS

What state and county offices might be abolished, or the duties thereof changed by the Legislature, without an amendment to the existing constitution, and to what extent does the Legislature control state and county officers designated as such by the constitution itself?

The foregoing question opens quite a field of inquiry and requires considerable detail in an attempt to a full answer. In the first place, it may be said that the Legislature cannot abolish any office which is expressly named as such in the constitution itself. Nor has the legislature any power to alter the duties of such constitutionally named officers, where those duties are also designated in the constitution. There are offices and officers named as such in the constitution, with no designation of either powers or duties. As to officers and offices of that kind, the constitution provides that the duties and powers shall be as prescribed by law. There are still other state officers and offices which have been created by the legislature itself. As to such offices and officers, all or any, may be abolished at any time the legislature deems it advisable to so do. As to offices which cannot be abolished, but as to which the powers and duties of the incumbents thereof, is left to be prescribed by the Legislature, that body can, in its discretion at

any time add to, take from and possibly refuse to legislate at all, as to powers and duties. Aside from the matter of salaries as connected with offices which have fixed terms of office, the legislature controls the matter of salaries, of expenses and costs of maintaining each such office. In the latter cases it can control the activities of officers, by refusing to appropriate money to the performance of any activity at all. Within this power of control through appropriations, the legislature can indirectly, if not directly, control the numbers of clerks, assistants, other employees; control every other act, the performance of which, requires public funds, except it be such acts as required to be performed through specific provisions in the constitution itself. In an answer to the question asked, it is not possible to analyze each and every office of state and county, with any segregation of such offices into the classes referred to above. Attention may be called to what are the state officers and offices prescribed by the constitution as follows: the governor, secretary of state, state auditor, state treasurer, the attorney general, superintendent of public instruction, three members of the corporation commission, the regents of the state university, the state board of equalization, state mine inspector, and

state examiner. The constitution requires a state militia, and acts of congress require that an adjutant general be appointed in each state. In addition to the above head officers of the departments of state, the constitution provides for the appointment of a clerk of the Supreme Court and the reporter of decisions of that court. The enabling act assumes that some officer of the state shall be a "surveyor general" or perform functions of such an officer in connection with lands granted to the state by the United States. Superior Court Judges are also provided for in the constitution. Coming to the counties, a county superintendent of schools, a sheriff, recorder, treasurer, assessor, county attorney, county superintendent of roads and surveyor, besides three supervisors are named as the county officers, in the constitution, but so named, as being such, "subject to change by law." The powers and duties and qualifications of county officers, outside of the judicial officers, are to be such as prescribed by law. From the foregoing, a general idea will appear as to what powers remain in the legislature, and as to what offices must be retained, and what may be abolished. Aside from those specially named above, all other offices provided for in the laws, are legislatively created and as such may be abolished.

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MAR 1 1922

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, MARCH, 1922

NUMBER THREE

The Real Public Indebtedness in Arizona

APPEARS IN THE BOND ISSUES OF COUNTIES, CITIES AND TOWNS,
INCLUDING SCHOOL AND SPECIAL DISTRICT
BOND ISSUES

THAT PUBLIC INDEBTEDNESS SO REPRESENTED IN MARICOPA COUNTY AMOUNTS
TO AN AGGREGATE OF

\$17,144,071.91

IN ADDITION TO WHICH IS THE INDEBTEDNESS OF THE SALT RIVER VALLEY REC-
LAMATION PROJECT TO THE UNITED STATES GOVERNMENT NOW
AMOUNTING TO

\$9,555,560.65

A TOTAL PUBLIC INDEBTEDNESS WHICH CONCERNS THE ENTIRE PUBLIC OF MARI-
COPA COUNTY DIRECTLY OR INDIRECTLY, OF

\$26,699,632.56

OR MORE THAN TWENTY PER CENT OF THE ENTIRE

\$129,841,000.00 ASSESSED VALUATION

OF THE TAXABLE PROPERTY

OF THE COUNTY UPON

1921 ROLLS

EDITORIAL COMMENT

The Man With an Axe to Grind as Connected With Proposals for Bond Issues

The man with an axe to grind is always present in favor of every proposition which involves the use of public money in connection with some public or so-called public project for the ostensible purpose of public benefits to be therefrom derived.

Visions and Fancies as Connected With Projects for Use of Public Bond Funds.

It makes no difference what the project may be, it will have its champions. Those champions who are always present and always ready with glowing word pictures of what great good will eventually come if the public will only at the outset furnish the money to start the matter. They say that if the public will give birth to a child of their fancy, furnish the money to rear it to manhood, thereafter it will surely be a credit to the state. Thereafter it will be surely self-supporting. Thereafter that child of present fancy, will at some time during maturity, repay to its paternal public, all that has been expended, and repay it with interest.

State Taxpayers as a Whole Must Pay Entire Cost Until District Can Be Self-supporting.

If the subject is reclamation, then the silver-tongued men with their axes to grind paint glowing pictures of the desert blooming. The picture of many blades of grass growing where none grew before, seems to be an almost irresistible influence, when painted as only those who have an axe to grind can paint it. The public may see only the bright hues of such a picture. Those bright hues may conceal the darker lines nearer the canvass. The public may not appreciate the inevitable result of undertaking to actually realize the ideal which the picture stands for as a brilliant prospect for a future generation of the public which starts the real painting, as that inevitable result will be shown in increased tax rates added to and continued with present tax rates now more than the same public can pay.

This Magazine has an axe to grind. It admits it. It is proud of it. It does not care who knows it. It wants every taxpayer in the state of Arizona to know it. It has been grinding that

same axe for many years. Its particular axe is the one of economy consistent with public efficiency. With the aggregate of all public activities to be undertaken, confined to such as are indispensably necessary to an efficient government, and all limited to such activities as can be carried on from tax money contributed by the people in amounts which from time to time are amounts which can be so contributed without an unwarranted and excessive burden upon private activities which must thrive and prosper as the primary basis for a sure building up of the state along lines of and for permanent and lasting prosperity of its people. This is the axe of this Magazine.

Magazine Against the Risk of Doubling Present State Tax Rates at This Time for Any New Ventures Whatever.

If the Magazine's axe is to be used in connection with propositions which involve the pledging of the credit of the state to amounts which may aggregate some \$75,000,000.00. When those propositions involve interest charges to be met by added taxes to the tax-paying public of this state, which may tend to increase the present aggregate of taxes by some \$4,500,000.00 per annum, and will do so, without regard to who finally pays those taxes. If that axe is wielded true to the line of economy, of reduced rather than increased taxation, a far different state of facts will be presented to the public from what is pointed out in the pictures of future prosperity urged in favor of such bond issues as needed for possibly successful irrigation projects. Instead of seeing "two blades of grass growing where none grew before," the other line, the lines nearer to the present canvas, will be a showing that to paint for the future, the taxpayers must and will "make two dollars of taxes grow, where one has already grown" before the picture is even started.

If the measures now before the public, two constitutional amendments as embodied in HOUSE BILL 83 and SENATE BILL 63, are not repealed by the present session of the Legislature. If the men with "axes to grind" are successful in putting those measures by a majority vote of the people at the gen-

eral election, then the public can look to see the present aggregate of taxes, for state purposes, commence to increase by growth due to interest upon such bond issues, with the result, that even though the present Legislature may reduce the amount of taxes required for state purposes to an amount of from \$4,000,000.00 to \$4,500,000.00 the reduction so made will be more than offset by interest charges upon irrigation bonds. Side by side with any possible reduction in the amounts used for the indispensably necessary activities of the public, will come the increased tax for bond interest, until that increase may reach an amount which alone will increase the state taxes by one hundred per cent. Verily, this will be making two dollars of taxes, to the present burden where one dollar is more than the public can pay under present financial conditions.

No Time to Listen to Speculators With Axes to Grind for Individual Profit in Lands to Be Reclaimed.

The men with an axe to grind include real estate speculators. Include those who will indeed promote the possibilities of future irrigation to lands which they will offer for sale to prospective settlers. Include those who will not and would not, turn a spade full of dirt in an attempt to cultivate a single acre of land which might be reclaimed at state cost with bond money. Include those who will get out from under the load of taxes upon the lands with a sure profit to themselves. Those men with axes to grind do not include the present farmers and ranchers of the state. Do not include the cattle men and sheep men. Nor does it include the home builders in the cities of our state. Yet a majority of those very people, and indeed the majority of all the people of the state, having no axe to grind, will eventually be the taxpaying public upon whom will be cast the burden of paying that extra dollar of taxation, which may make possible the projected reclamation scheme involved in House Bill 83 and Senate Bill 63.

The Magazine Speaks for Those Who Are Not Able to Speak for Themselves.

The man with the axe to grind in putting through such measures has ac-

opted an opportune time to do his finding. The great mass of the people are too busy with the everyday burdens of finance, connected with an actual existence, and connected with ways and means to meet present tax burdens, to have time to grind an axe in their own interests before committees, and in public meetings upon questions involved in the final fate of HOUSE BILL 83. The Magazine, even at the risk of incurring the permanent displeasure of advocates of that bill, feels that it must use its voice, that both sides of the matter be presented to the public.

Finally along the lines of what is said before, if it is true that meritorious irrigation and reclamation projects are

lying dormant for lack of finances; if it is true that the most roseate pictures of future prosperity of the state in which those projects once financed, and once constructed, are not over-painted—then side by side with that truth is the other truth which comes from the present conditions as to tax problems, aggregates of costs of public activities, and consequent burdens upon the taxpaying public, that ultimate truth, based upon practical business judgment, that the time is not present, when the public can increase its tax burdens for new ventures. The truth that the public has all it can do to deal with present burdens which already exist, and demands which cannot be denied and must be

met to carry on.

Deal With Actual Needs of Today—The Future Will Care For Its Own.

The present is no time to consider questions leading to possible bond issues. There exists no pressing need for any reclamation project, which cannot well await more favorable times in the future. The Magazine's position is "taboo" the whole subject of bonds, and get down to the business of actually decreasing tax burdens, and give the taxpayers an opportunity to actually catch up with the present, before planning to expend for such possible benefits as may be derived by generations far in the future.

Why Should the State of Arizona Guarantee Bonds of Privately Owned Lands?

A great deal has been said and written upon the above question in connection with discussions of the proposed amendment to the state constitution, under which, if that amendment is finally submitted to a vote of the people and adopted, the state will issue bonds, the proceeds of which will be used in construction of irrigation works to reclaim lands of irrigation districts. The state taking the bonds of such districts in return, hoping that sooner or later the lands of such districts will become valuable enough, can be made to produce enough, to pay current state taxes, current county taxes, six per cent interest on the amount of bonds issued, and pay the principal of those bonds as they mature in twenty years. This is the question involved in HOUSE BILL 83.

Bonds May Be Issued to 100% of Value of Lands—No Limit to Amount

In the first instance it must be borne in mind that the proposed HOUSE BILL 83 places no limit whatever upon the amount of bonds which may be issued by any irrigation district. Lands of no prior actual value are immediately bonded to one hundred per cent of the cost of irrigation works which, in turn, represents the entire value of these lands. If the proposed district includes one hundred thousand acres, and the proposed irrigation works to be constructed for the purposes of irrigating that district will cost twelve millions of dollars, as one district now standing in line for bonds will represent approximately these figures, then the voters of the district can vote the \$12,000,000.00 of bonds. Then,

if the bonds so voted do not exceed one and one-half per cent of the entire assessed value of the taxable property upon the tax rolls of the whole state, the state will issue its bonds for \$12,000,000.00, sell them, furnish the money, and with the works installed, look to the hundred thousand acres for payment. If the project costs one hundred and twenty dollars per acre, then the state accepts a lien upon the land for one hundred and twenty dollars per acre as security for interest on the state bonds, and through taxation upon those lands, must look also for final payment of the one hundred and twenty dollars per acre of principal. Will the land be worth one hundred and twenty dollars per acre for taxation purposes? Whether it is or is not matters not at all. The final figure per acre is that every acre of land will be called upon to pay seven dollars and twenty cents per year to pay interest upon the \$12,000,000.00 of irrigation district bonds. Every acre of that land will be called upon to pay state and county taxes upon whatever valuation is placed thereon for taxation purposes. Will owners of lands in such districts be heard to say to the county assessor that those lands are not worth at least the value of the improvements thereto in the way of irrigation works and irrigation water made available thereto from state funds? Will it not logically follow that the assessed valuation of the lands must equal at least the value of those improvements per acre of cost? If so, then upon that valuation of at least one hundred and twenty dollars per acre, will be levied and collected county taxes, and state taxes, at the rate of one to two dollars per hundred of valuation, or at the rate

of \$1.20 to \$2.40 per acre of every acre in the irrigation district. In the event it takes five years to install the irrigation works for any district, and five years is a minimum estimate as to time required for the purpose, then during that entire five years, taxes will be accumulating against the non-productive lands in the district at the rate per acre—as per above figures—of from eight dollars and forty cents to nine dollars and sixty cents per acre. Or, to get back to the subject first introduced in this paragraph, that point as to no limit to amount of bonds which may be voted by irrigation districts, the figures show that bonds may be issued to one hundred per cent of the taxable value of the lands affected, as against present limitations of not to exceed ten per cent of bonds to be authorized for counties, school districts and other municipal corporations of the state based upon tax roll values. Or, getting still further into the result of those figures, the amount of taxes to be raised annually to carry the proposition, is and will be eight to ten per cent of the entire taxable valuation of the lands, as compared with present limitations in the present constitution that the principal of bonds to be authorized is limited to and shall not exceed ten per cent of that same valuation.

Owners of Irrigation District Lands Will Be Trying to Lift Themselves Out of Debt By "Pulling at Their Boot Straps."

There is the old illustration of a man vainly attempting to lift himself by his boot straps. It cannot be done. If the state of Arizona desires to invest its

money in reclamation projects—if the people of this state desire to issue bonds for money to make the desert bloom with cultivation upon reclaimed lands, that is one thing. If the people expect to loan its credit to irrigation districts with the idea in mind that such districts will ultimately pay out without loss to the state, that is another proposition en-

tirely. The people should look the matter squarely in the face. If they really desire to stand the cost and pay the costs of reclamation projects, then HOUSE BILL 83 will permit them to do that very thing. On the other hand, the idea that HOUSE BILL 83 will only loan the credit of the state, is just as impracticable, and will finally work out in just the same way, so far as the en-

tire tax-paying public is concerned, as will be the attempts of a man trying to lift himself by his boot straps. It cannot be done. The people can buy the boots, and pay for them. The wearers of the boots can never pay for those boots, by attempting to lift himself out of debt by pulling at the straps of the boots.

Action of State Loan Board Will Relieve Taxpayers to Amount of \$692,923.60

Early in 1921 it was found that an amount of \$692,923.60 of receipts from state lands, derived as such receipts from rentals, from interest on contracts for sale of lands, and other incidental revenues, not involving any principal amounts paid in on sales from the state lands, had been added to the loan funds of the state and loaned out by the State Loan Board.

The mistake evidently arose from a misinterpretation of the provisions of the constitution and the Enabling Act of 1910, pertaining to the school lands, and other institutional lands, granted or confirmed to the state by that act of Congress. Attention is called, however, to provisions of the state constitution which bear upon the question, which provisions are:

Income from State Lands for Support of Schools and Institutions.

"The income derived from the investment of the permanent state school fund, and from the rentals derived from school lands with such other funds as may be provided by law, shall be apportioned annually to the various counties of the state in proportion to the number of pupils of school age residing therein."

with the further provision, that:

"The revenue for the maintenance of the respective State Educational institutions shall be derived from the investment of the proceeds of the sale, and from the rental of such lands as have been set aside by the Enabling Act approved June 20, 1910."

It was urged that interest upon sales of state lands was not particularly mentioned in the constitution, nor in the Enabling Act, and following out a line of thought which overlooked the fact that when the land was sold, with title thereto retained in the state, and the purchaser agreed to pay the purchase price in instalments, and also

agreed to pay interest upon the unpaid principal, that kind of a transaction produced "interest upon investments of state land funds," making that interest an income for the support of schools, educational and other institutions, to which lands were granted, just as much as interest would be produced, had the purchaser of the same lands, actually paid it to the state, and then turned around and borrowed it again. In either event, the matter would work out so that the land itself would remain state land, until such time as the principal was in fact paid to the state. In either event the land funds granted in trust, and to remain inviolate, either in land or the purchase price of lands, would stay intact. So to the purpose of Congress being that of supporting the common schools from the income and interest derived from the lands granted would be given actual effect from the start.

The course of conduct which permitted interest and rentals from lands to become mixed with the permanent funds, and therewith loaned out to private individuals, overlooked the legislative interpretation of the provisions of the constitution and Enabling Act, as that interpretation appears in Section 104 of the Land Code of 1915, which reads as follows:

"It shall be the duty of the State Treasurer, on or before the first day of January in each year, to transfer from the permanent funds by this act created and established, all money received as interest therefrom and as rentals from said lands and property up to and including June thirtieth of the preceding year and to place the same in the maintenance fund of the institution or institutions for the support of which the several grants of land, money or other property was made, to be appropriated, distributed or disbursed as provided by law."

Public Will Welcome a Reduction in Taxes Due to Application of Income from State Lands.

While there may be some ambiguity in the language used in the various acts bearing upon the subject of use of rentals, interest, and other incomes from the permanent land funds, for the maintenance of the common schools, other educational institutions, and other state institutions which received such grants, it will be a welcome fact to the taxpayers of this state, and one which will aid in reducing the taxes, that the State Loan Board has changed the policy formerly in use, and hereafter will cause all rents, all interest, and all other incomes from state lands, to be credited to the annual current maintenance of the schools, educational and other state institutions, to which the separate land funds belong.

The most direct benefit to taxpayers will be from the action of the State Loan Board, recently taken, through which it has resolved not to loan any more of the permanent funds derived from state lands, until such time as there has been returned to the maintenance funds the amounts represented by rentals, interest, and other incomes from the lands and land funds, which have heretofore been loaned out upon private farm loans. Meaning in its results, that as fast as the state receives principal from present loans outstanding, and as fast as it receives proceeds in principal payments of future sales, those amounts will be credited to maintenance funds, until the entire \$692,923.60 heretofore intermingled with the principal of loans is so returned.

The figures which show just which maintenance funds will be quickly benefited by the action of the State Loan Board above mentioned are as follows:

Common School Fund	
(maintenance)	\$478,051.48
A—University Land Fund.....	25,264.71
B—Legislative, Exec. and	
Judic. Bldg., Land Fund	12,124.31

Penitentiary Land Fund	10,267.70
Asylum for Insane Land Fund	14,478.33
School and Asylum for D., D. and Blind Land Fund	17,250.36
Normal School Land Fd.	16,896.45
State, Charitable, Pen. & Ref. Inst. Land Fund	5,652.61
Agricultural & Mechanical Col. Land Fund	2,834.63
School of Mines Land Fund	12,542.66
Military Institutes Land Fund	129.34
County Bonds Land Fd.	97,431.02
	<hr/>
	\$692,923.60

The state common school fund will become the largest beneficiary in the above action, as \$478,051.48 will be

placed to the credit of that fund as rapidly as money in hand will permit. The counties of Maricopa, Pima, Cocino, and Yavapai will be benefited to the extent of \$97,431.02, on account of that amount returned to the "county bonds land fund," and which will be available for interest upon outstanding state bonds, now paid by those counties, or available to conform to the decision of the Supreme Court in a case now before that court for construction of that particular land grant.

By this action on the part of State Loan Board, the general public will be benefited to the amount of nearly seven hundred thousand dollars of lessened taxes, due to the acts to be done towards the correction of the error.

No Loans Will Be Made Until Funds Are Readjusted.

Of course, there will be some disap-

pointments among applicants for loans from state funds, due to the suspension of any policy of loaning state land funds until the restitution has been made as above. This is an unfortunate circumstance which cannot be avoided and in that connection, it is plain that the taxpayers should not be called upon to pay additional tax money for the support of state common schools, or for other state purposes shown in the above tabulation, for no reason except to provide money to be loaned out to other private persons, which would be the situation, if under the conditions outlined above, the state officials continued to make loans and did not attempt to be just to the taxpayers through making speedy restitution of amounts belonging to the maintenance funds above mentioned.

Some Figures as to Bonded Indebtedness of Maricopa County and Its Cities and Towns

The policy of bonding counties and cities for internal improvements, and confining the direct bonded debt of the state to such indebtedness as existed at the time of statehood, with not to exceed an additional state debt of \$350,000.00, has resulted in quite liberal bond issues by counties and cities since statehood. There already being before the people two proposed constitutional amendments which would, if adopted by vote of the people, pave the way to bond issues by the state itself to an amount of not to exceed nine per cent of the total assessed valuation of the taxable property upon the tax rolls of the state, or on the basis of 1921 valuations, not to exceed nine per cent of \$830,536,582.00, which would make \$74,740,000.00 of bonds possible, it may be interesting to consider just how much any increased public debt would effect the taxpayers of the state who are already called upon to pay taxes for interest upon county bonds, including bonds of school districts in the counties, and including special road district bonds, and in some cases irrigation, power, and other district bonds. Just because the entire bonded debt of the state itself, on account of bonds which the state itself must pay, is only \$2,996,275.29, or just because of that amount there is included \$1,967,804.87, which is primarily indebtedness which the state assumed of the cities, and counties, and which in part is to be taken care of by proceeds of a million

acre land grant, is no reason at all, why the question of further bonded indebtedness in the shape of state bonds, should be considered without at the same time considering the now outstanding indebtedness of the various counties and cities of the state.

Direct Burden of All Taxes Falls Upon a Small Portion of Entire Population of Arizona.

Arizona has a comparatively small taxpaying public included in the entire 334,000 inhabitants. Many of those taxpayers are now called upon to pay taxes upon the state bonds, also upon county bonds, and upon various issues of school district bonds, to meet interest payments upon bond issues of each. The question of such interest to be paid is so interwoven with the entire scheme of affairs in the inseparable relation between public affairs and private business, that increased taxes fall as a burden upon private enterprises, regardless of just which private individual, private business, or private enterprise, in the first instance pays the particular tax.

Entire Public Bears Indirectly the Burden of Entire Public Debt.

Public debts, with the requirement that taxes be levied to pay interest thereon, are burdens which directly or indirectly affect the entire public. Hence the amount of present public indebtedness, bears directly upon any proposition under which future bonds

may be issued to secure further public indebtedness, without reference to just what particular portion of the state becomes so indebted or whether that indebtedness is spread over the entire state, on top of existing debts owed by portions of the state as represented by county bonds, city bonds, school district or other municipal bonds of any kind.

Having in mind the direct connection of one public debt to another, and also having in mind that the readers of this Magazine may desire figures bearing upon the subject, there will appear in the publications from time to time, and county to county, the figures showing the bonded indebtedness of each county, with the cities and towns therein. The present issue gives the bonded indebtedness in Maricopa County on its front page.

Entire Bonded Debt Over 13 Per Cent of Assessed Valuation of County.

The entire assessed valuation of Maricopa County upon the 1921 tax rolls is \$129,841,675.00. The total bonded indebtedness of the county, its cities and towns, amounts to \$17,144,071.91, which is more than thirteen per cent of that total valuation. The interest to be paid upon that entire indebtedness is a burden, either direct upon particular property, or indirect upon the entire farming, commercial, and other business enterprises of Maricopa County.

Maricopa County is the seat of the
(Continued on Page Six)

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription MARCH, 1922 50 Cents

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SOME FIGURES AS TO BONDED INDEBTEDNESS OF MARICOPA COUNTY AND ITS CITIES AND TOWNS

(Continued from Page Five)

Salt River Valley Water Users' Association. The reclamation project of that association includes, in round numbers, 200,000 acres of irrigated lands. In addition to public bond indebtedness which affects that particular body of lands, is a debt to the United States, amounting to an aggregate of \$9,555,560.65, for the payment of which those lands stand pledged to the government of the United States.

Over 20% of Public Indebtedness Now Existing on Assessed Valuation Basis.

Taking the aggregate of all of above, the public of Maricopa County, in whole or in part, stand with the total debt of \$26,699,632.56 to be repaid to the public treasuries, and so repaid before the property of the county is free and clear of all tax burdens, except for the current maintenance and support of state, county, and city government, therein.

Take the above figures, and apply them to the actual sources from which the taxes must be raised, apply them to the actual property of taxable value

upon the tax rolls of the county, and ask the question, whether or not, that particular class of property can stand any increased tax burden for bond issues for further new public projects. Go through the entire list of all classes of property in the county, ask the same question as above suggested, with respect to each such class of property. Do this, and then ask the further question as to whether Maricopa County as a taxpaying public is ready, willing, and financially able, to assume its share of \$12,000,000.00 to \$15,000,000.00 of bonds, issued by the state, in aid of a possible reclamation of another one hundred thousand acres of land located in that county, and to assume also its share of interest burdens upon such an issue in the state taxes to be levied to pay interest thereon, and at the same time add from \$12,000,000.00 to \$15,000,000.00 to the indebtedness to be assumed by that one hundred thousand acres of land, to the above aggregate of present public indebtedness of all kinds standing against no other county than Maricopa. To be more specific: If a bond issue in aid of a reclamation project located in Maricopa County, was authorized by the state, the latter in turn would have bonds to a similar amount to be collected—interest and principal—from the lands reclaimed. In the first instance, Maricopa County taxpayers would be called upon to pay in-

terest upon the state bonds, in proportion that the taxable property of the county bears to the value of all taxable property in the state. The state would then turn back to the particular lands in Maricopa County for taxes sufficient to reimburse all interest, and to finally pay the principal of the state bonds. The scheme would all revert back to the proposition that the bonded indebtedness of the entire taxpaying public of Maricopa County would be increased by the amount of such irrigation bonds. The burden of paying those bonds will eventually fall upon the private business enterprises of that county.

Consider Present Public Debts Before Authorizing More.

The suggestions are ones to be considered in connection with all questions upon any measure at all which may be submitted to a vote of the people, which has for its purpose the authorizing of state bond issues. Any intelligent action upon any such question involves the consideration of how far the public has already traveled in debt making and bond issues connected with the present provisions and limitations of the present state constitution, before opening up a new line of possible indebtedness, in addition to what now exists, and will continue side by side with the adoption of any amendment permitting further state bonds.

Some Sidelights on What is Before the Legislature

It will be impossible to place before our readers an entire report of what is proposed in the way of new legislation, before the present special session. There are many special bills which are of no particular interest to taxpayers, having nothing to do with the questions of taxation, expenditures of public money, nor appropriations. There are, however, several proposed measures which the Magazine deems of sufficient importance to give its readers more than a mere mention.

Proposed Constitutional Amendments

Senate Bills 14, 15, 16, 17, 18, 19, and 20, each relate to and propose amendments to the present constitution.

The main feature of Senate Bill 14 is found in language, added to what now appears as Article 10 of the Constitution, as follows:

"In addition to the above limited power to contract debts, the state may incur further indebtedness in the manner to be provided for by

law, but the aggregate amount of such further indebtedness * * shall never exceed a sum equal to four per cent of the assessed value of the taxable property within the state; * * such additional debts * * shall not be incurred without first obtaining the assent of a majority of the real property taxpayers of the state, who must in all respects also be qualified electors of the state voting at an election to be held for that purpose."

Senate Bill 15 would so amend the constitution as to require a majority vote of all electors voting at an election, for the adoption of initiative and referendum measures, in place of a majority of the voters upon each such measure.

Senate Bill 16 would substitute for the present provision relating to primary election laws, a provision leaving the question of how candidates for offices shall be nominated for elective offices a purely legislative matter to be

controlled by laws enacted by the legislature.

Senate Bill 17 would pave the way for giving effect to other proposed amendments relating to four-year terms of state and county officers, by providing for biennial elections of representatives in congress.

Senate Bill 18 refers to the officers of counties, names them as now, and provides for four-year terms in place of two-year terms as at present.

Senate Bill 19 names the elective officers of the executive department of state as now and provides for four-year terms instead of two.

Senate Bill 20 proposes four-year terms for members of the legislature, instead of two years as at present.

If the foregoing measures are passed, they do not become effective until voted upon by the people at the coming general election, or at a special election if the legislature so provides. Consequently, further discussion of each can be reserved for the future.

House Bill 5 relates to an annual tax of one mill per dollar for university purposes. If this bill passes, it will take effect at once and repeal the provisions in the 1921 law, which related particularly to the tax levy of one and three-tenths mills for university for fiscal year commencing June 30, 1922. This will reduce state taxes for that particular year by approximately \$250,000.00.

Bills Which Must Be Given Special Attention.

This Magazine might not be true to its own convictions, nor fair to its readers, if it did not urge upon the legislature the passing of Senate Bills (1) and (2), which have for their purpose the repeal of HOUSE BILL 83, and Chapter 80 of Laws of 1921, and which, if enacted, would do away with the proposal of a constitutional amendment under which the state would become bonded in aid of irrigation districts, and do away also with the legislative machinery already provided in Chapter 80, under which, in event House Bill 83 should be left to become adopted, the governor's proclamation so declaring would hardly precede the initiation of steps to get from \$12,000,000.00 to \$15,000,000.00 of state bonds for a project already "cut and dried" awaiting that action. Repeal the proposal to submit House Bill 83, and repeal everything having to do therewith, by passing Senate Bills 1 and 2. But in meeting the schemes of the proponents of House Bill 83, it will not be sufficient to repeal it; care must be taken that the same "wolf does not appear in sheep's clothing" and get into the fold

under false colors. There is already proposed a **Senate Bill 23**, which is to the same effect as House Bill 83, except the special election feature. If Senate Bill 23 is passed, the effect would be the same as though House Bill 83 were not repealed. Senate Bill 23 should be voted down. Still further along the same line comes **Senate Bill 31**. This bill anticipates constitutional amendments permitting state credit to be used to guarantee the bonds of irrigation districts; is the same proposition in another form. Knowing, as they do, that irrigation districts cannot get by private financial inspection which will result in placing irrigation bonds upon the market solely upon the credit of the district itself, Senate Bill 31 would permit the state to guarantee such bonds. **It matters not at all how the state pledges its credit, whether as principal, as surety, or as guarantor.** If the state pledges its credit, in one way or the other, it must pay, or lose its credit in the financial world. There can be no sugar coating of the pill in either event. The state will have to take its medicine, and the taxpayers will have to pay. The people do not want HOUSE BILL 83; they oppose the principal and risk involved therein. They do not want the same thing in any form. All such so-called "substitute" legislation for HOUSE BILL 83 should be defeated and voted down.

Senate Bill 30 Would Create a Lien Upon State Lands for Irrigation District Purposes.

It is impossible to detail the various provisions of proposed Senate Bill 30, to such an extent as to prove from the bill itself that what is here asserted as to its intended effect is true. The ultimate truth as to that effect can and is stated to be that:

Senate Bill 30 would make all state lands within irrigation districts, subject to the state law pertaining thereto, to the same extent as privately owned lands.

Being so subjected, state lands would be subject to action of the voters of such districts, as to bond issues, tax levies to meet interest and principal of bonds, all maintenance and operation charges of such districts, regardless of whether the state had leased same or not.

Senate Bill 30 contains a provision making it compulsory upon the Land Commissioner to require from each lessee and purchaser, evidence that all irrigation district taxes have been paid, before accepting payments of rents or instalments of principal. That leases and certificates of purchase be cancelled, without such showing.

Senate Bill 30 provides that no state lands can be sold or leased except to persons who produce certificates showing payment of all delinquent irrigation district taxes levied and a lien thereon.

Of the bill in general, it may be said that it cannot be effective except that effect will violate the provisions of the state constitution and of the Enabling Act, which control the question in language as follows:

"No mortgage or other incumbrance of the said lands (all granted lands referred to), **shall be valid in favor of any person or for any purpose or under any circumstances whatsoever.**"

That language has but one meaning. That meaning is, that under no circumstances whatever, anything by way of lien or incumbrance of state lands shall be valid. It means that the trust of state lands shall be left unimpaired to its fullest possible extent, that the state at all times shall have the benefit of the full rental value thereof for its schools and other institutions. That it shall at all times have the full sale value thereof, when sold under competitive bidding. Those purposes of trust cannot be fulfilled, if, when lands are offered for lease or sale, a wall of unpaid, delinquent irrigation district taxes stands between the real value and what the state could get for those lands when each proposed lessee or purchaser must also consider the cost in unpaid taxes for irrigation purposes.

Senate Bill 30 would result in destroying the rental value of every acre of grazing land now within irrigation districts. There is one such project in Maricopa county. The entire project includes less than one hundred thousand acres of lands, of which fifteen thousand would be state lands now leased for grazing purposes. In another article in this issue, the cost per acre per year in taxes to lands in that district is given. That cost would run to between nine and ten dollars per acre. The present rental value of those state lands, under existing leases, runs from three to ten cents per acre. If lessees were required to pay the taxes, pending the construction of irrigation works—and they would be so required under Senate Bill 30—it is safe to predict that every lease would be cancelled. The same lands could not again be sold, except those taxes were paid before the sale was completed. By making the lands subject to lien of taxes at the rate of nine dollars per acre per year, the proposed law would indirectly encumber the lands for one hundred to one hundred and fifty dol-

lars per acre.

Rather than so encumber state lands, let the promoters of the bill come forward and offer to purchase the lands. If they are really subject to or susceptible of irrigation from a proposed irrigation project, the minimum value to the state will be twenty-five dollars per acre. If those promoters have such faith in the scheme of any irrigation district whatever to include state lands, let them risk twenty-five dollars of their own money, instead of asking the state

to permit an encumbrance of one hundred dollars, to stand prior to the state getting anything for its trust lands. If there is such an imperative demand from actual settlers for the benefit of whom a plea is alleged to be made, then let those actual settlers get the first chance at these state lands at the minimum price. Let them have the full benefit of enhanced value. Such a way of doing it, does not fit in with the plans of the promoters of the proposed law.

They have other plans for disposing of that enhanced value. Their pockets are deep. Senate Bill 30 should share the same fate of all other bills proposed and through which the state would be left "to hold the sack." Any attempt to even in form attempt to encumber state lands held in trust for state schools, state educational and other state institutions, should be nipped in the bud.

Senate Bill 30 should be tabled and left there.

QUESTIONS AND ANSWERS

Q. What subjects of legislation may be covered by, or included in "General Appropriation Bills"? Can any powers and duties be defined therein, or salaries fixed for officers, changing other laws upon those subjects, or enacting new provisions thereon?

A. The answer to the above question is found, in part at least, in the provisions of Section 10, Article IV of the State Constitution, which provides: "The general appropriation bill shall embrace nothing but appropriations for the different departments of the state, for state institutions, for public schools, and for interest on the public debt. All other appropriations shall be made by separate bills, each embracing but one subject." This constitutional provision was before the Supreme Court in connection with the general appropriation bill of 1915, in which there was a section "51" which read as follows: "No expenditures shall be made or indebtedness incurred during the fiscal years ending June 30, 1916, and June 30, 1917, for salaries, maintenance or expense of any department of state, office, commission or board; nor for maintenance, equipment, repairs, new construction, or expense of any state institution, otherwise than is here provided for or in excess of the amounts herein appropriated for the purposes provided for in this general appropriation bill, etc.", and in connection with provisions running through the entire appropriation bill, where, in connection with amounts which were intended to be specific and exclusive as amounts to be used for salaries, expenses and maintenance of offices, institutions and departments, there appeared the words: "The above appropriation being in lieu of all statutory appropriations and is not in addition thereto." And in connection with language running through the act that: "paragraph (-) of Revised Statutes is hereby repealed," there, in each case, referring to "continuing appropriations," or to so-called "so much as may be necessary out of

the general fund is hereby appropriated" clause found in those statutes. In the case referred to, a specific appropriation was made in the general appropriation bill for the salary of the citizen member of the old board of control; no appropriation was specifically made to cover the "traveling expenses" of members of that board. The legislature in the general appropriation bill attempted to repeal Paragraph 4460, which reads: "A sum of money sufficient to carry out the provisions of this chapter is hereby annually appropriated out of the general fund." The court held, in effect, that the attempted repeal was a matter outside the title of a general appropriation bill, did not relate to any appropriation dealt with therein and was consequently of no effect as a repeal. In line with the decision referred to, and having in mind that the general appropriation bill must contain nothing but appropriations for the different departments for the maintenance thereof, it would appear quite clear that such a bill could not in the first instance create a new office connected with any department, and with that office created, make an appropriation for the salary and expenses thereof. Such matters would not be within the subject of the title of the act; that title clearly confined in its application to existing departments and offices, already created by prior laws upon the subject. Taken as a whole, it is doubtful, and probably requires an answer against the power of the legislature to do either of the things covered by the question. The case referred to is that of *Callaghan vs. Boyce*, found in 17 Arizona, page 433, an examination of which decision will be enlightening upon the question asked, and upon other matters pertaining to the use of the general appropriation bill.

rol of the common schools?

A careful reading of Article XI of the state constitution will fully answer the above question. That article among other things provides, that "The legislature shall enact such laws as shall provide for the establishment and maintenance of a general and uniform public school system, which shall include kindergarten schools, common schools, high schools, normal schools, industrial schools and a university . . ." The general conduct and supervision of the public school system shall be vested in a state board of education, a state superintendent of public instruction, county school superintendent, and such governing boards for the state institutions as may be provided by law." Just what details shall be provided by the legislature in connection with an establishment of such a system of common schools, is thus left entirely to the legislature. There is no mention of "school districts" in the constitution itself, except where it provides, that: "the legislature shall provide for a system of common schools by which a free school shall be established and maintained in every school district for at least six months in each year, which school shall be open to all pupils between the ages of six and twenty-one years. Just as long as the legislature preserves power in the state board of education the state superintendent of public instruction, and county school superintendents, as to matters pertaining to the general conduct and supervision of that common school system which may be created by law, and under which a uniform system of free schools is established and maintained, it appears to be the case that no amendment to the constitution is required. Of course, if it is desired to go further than as above indicated, a different question would be presented. But at present there is no constitutional provision against the changing of the common school system, and the placing the control of school district matters, wherever the legislature may desire.

Will it be necessary to amend the present constitution as a step towards establishing a county unit system for the con-

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, APRIL, 1922

NUMBER FOUR

Present Bonded Indebtedness in Arizona *Including Bond Issues of Counties, Cities and Towns, School Districts and Special Districts*

APACHE	\$412,232.11
NAVAJO	\$717,000.00
COCONINO	\$725,000.99
MOHAVE	\$809,363.91
GRAHAM	\$829,238.89
GREENLEE	\$1,213,264.70
SANTA CRUZ	\$1,352,513.33
PINAL	\$2,159,238.08
GILA	\$2,164,455.07
COCHISE	\$2,581,662.38
YUMA	\$2,752,191.11
YAVAPAI	\$3,468,401.97
PIMA	\$5,156,688.55
MARICOPA	\$17,144,071.91
	<hr/>
	\$41,485,322.38
STATE BONDS	1,810,972.43
	<hr/>
TOTAL	\$43,296,294.81

THE TOTAL OF \$43,296,294.81 AS COMPARED WITH THE TOTAL BONDED INDEBT-
NESS THE FIRST YEAR OF STATEHOOD (1913) OF \$8,290,309.00

EDITORIAL COMMENT

PUBLIC BONDS RELATED TO INCREASED TAXES

When Arizona entered upon its career as a state, its public indebtedness as represented by interest bearing bonds amounted to \$8,290,309.00. Since statehood and after ten years of state, county, school district and other activities at the expense of bond issues, that debt has increased to \$43,296,294.81. The distribution of this indebtedness appears, county by county upon the front page of this issue of the Magazine.

To put the matter of increase in another form, will be to say that for every dollar which the public owed at the time of statehood and which was represented by an outstanding bond, that public now owes five dollars and thirty-four cents. More than a five hundred per cent increase in the bonded indebtedness within a period of less than ten years.

Interest Rates on Bond Issues Have Increased Since Statehood

In 1913, the bonded indebtedness of the state was refunded with bonds bearing interest at the rate of four and one-half per cent per annum. Prior to 1917, bond issues were floated upon the market at par, and in most cases with some premium, when the interest rate per annum was only five per cent. Since 1917, the interest rate has increased from five to five and one-half per cent, and even to six per cent. And even with that increase in interest rate, the bonds have not netted the public a par value return. There have been allowances for "commissions on bond sales", for expenses of so-called "fiscal agents", and other subterfuge arrangements under which the net return per dollar of bond issues in several cases has not exceeded ninety-five cents.

Cost of Construction Has Increased Since Statehood

Since 1917 it is a well known fact that everything in the way of supplies for building and construction materials, for labor, and other costs incident to public construction has increased; in common with the increased costs of similar items in private building and private construction.

It is not the purpose of this article to go into a detailed analysis of the whys of those increased costs. It is enough to accept that increase as an existing

fact, and deal with it as such in the comments made upon the general subject of public bond issues, as that subject finally comes into mind for consideration at the present time. From the few facts referred to above it is quite apparent that nearly \$35,000,000 dollars of bond issue proceeds has been expended under adverse conditions. So expended under conditions that the public has constructed its improvements where it was required to pay the highest price for everything it used in making those improvements. Has also expended those bonds under conditions where in many cases it had to pay a premium of some five per cent in the way of rebates, called commissions, fiscal agents' fees and the like, that it might obtain the remaining ninety-five cents of each dollar of bonds for use at all. Has through it all, produced a situation out of which the general public is now paying taxes to the aggregate of nearly two million, five hundred thousand dollars per annum upon bond issues aggregating \$43,296,294.81, and will be called upon to continue to pay taxes to that approximate amount per annum until that indebtedness is paid up.

Bond Issues Must be Paid and Interest Met With "Hard Earned," Not "Easy Money"

The thought suggests itself, that the thirty-five million dollar increase in the principal of bonded debt was created and the proceeds expended when money was cheap, that is when a dollar would purchase the least amount in supplies, material and labor. That debt was created when the general earning power of the people of this state was at its highest peak. At a time also when the products of the private activities of the state commanded the highest prices in the market. The public spent its money derived from bond issues when that same public considered money not only "cheap" but easy to obtain. That same thought continued brings to mind the fact that the entire \$43,296,294.81 of bond issues, with the annually repeated tax of \$2,500,000.00 for interest charges thereon, must be paid when money is not so cheap, and not so easy to obtain. The units of principal and interest upon that indebtedness will not vary, except through actual payment. That actual

payment must now be made, when the earning power of labor, when the prices of the products from the farming, ranching, cattle, sheep, mines, and from every other industrial activity of the state, have so materially decreased, that every dollar comes nearly twice as hard for payment of that public debt, principal and interest thereon.

If the situation as it now exists were to be presented in some manner from which a comparison could be drawn, it might not be exaggeration to say that it will take twice as much labor value, twice as much from the receipts of the products of activities in our state and the industries of all kinds therein, referring to private activities, to produce the amount required to pay the two million five hundred thousand dollars of increased taxes on account of those bond issues, as would have been the case at the times the bonded indebtedness was increased from the \$8,290,309.00 to the present \$43,485,322.38 aggregate of that bonded debt. Or putting the illustration in still another way. It would have been as easy for the public to pay taxes for interest upon twice that amount of bonds, had other financial conditions remained the same as those conditions were at the time the debts were authorized.

Taxpayers Must Contemplate the Day of Payment of Public Debts

It is no easy task to be a "knocker." The trend of public opinion, of public thought, and resultant public action has been toward the attainment right now of every available luxury. Catering to the demands necessary to follow that trend, the idea of credit has developed to such an extent, that no luxury seems to be denied that private individual, who is willing to pledge the future for the present enjoyment of that particular luxury. "HAVE IT ANY WAY, REGARDLESS OF SETTLEMENT DAY," is a saying which expresses the present ideas of large portions of our people. That same saying and same feeling of indifference as to the day of reckoning has evidently reflected itself in connection with public bond issues.

Public bonds for all purposes, have been voted with almost reckless indifference to future ability of the public to pay those bonds. The public had

unlimited credit, and has used that credit almost without limit.

The day of reckoning is fast appearing in the financial horizon. The public is already realizing the fact that it has a hard day before it. The shoe of past extravagance in the way of bond issues is already beginning to pinch. The public already appreciates that it is not so easy to pay, as it expected it would be when it borrowed. Interest keeps coming due, and will keep coming due, whether times are flush or times are hard.

The general public is about ready to take another tack for the ship of state. It sees that the abuse of public credit spells disaster. The public sees the need for retrenchment against the promoting of public projects which require further use of public credit, coupled with further bond issues and still further increase in tax burdens on account of such issues. The public in general sees the way things are drifting. It

only requires an energetic get-together action on the part of the public, acting as a consolidated unit, to stop that drifting, and turn the ship around and get it back into the true course of safety, not only for the present, but for the future.

Public Can Refuse to Vote More Bond Issues and Thus Reduce Taxes for Interest Charges

The public must not only see that a change must be effected which will reduce the direct demands for public activities which can only be attempted by public bond issues, but must act in the light of what it sees.

It may be impossible to quickly reduce the cost of current activities of the different branches of government, state, county, cities, school districts, and other municipal branches of government in Arizona. But if it is to be said that reduction in that direction is impossible, it certainly cannot be urged, that an

efficient government in all those various branches cannot be maintained, except through further bond issues and from money borrowed upon public credit. The public has it within its power to curtail the latter mode of increasing taxation, by refusing to vote further bonds except in extreme and actual necessity cases.

Unless the public exercises the powers which it possesses, it is safe to predict that another ten year will see the aggregate of bonded indebtedness in the state increased three, four, or even five times its present aggregate. Will see a consequent increase in tax rates and tax aggregates to meet the interest upon such issues. Will see also such a burden upon private activities and private industries through the taxation thereof for public purposes, that cessation, stagnation, and suspension, will follow, rather than the actual advancement towards public achievement aimed at through any bond issue whatever for any public purpose at all.

COUNTY HIGHWAY COMMISSIONS

Substitute House Bill No. 43

Prior to the calling of a special session of the state legislature, the people in some localities of the state realized the needless activities of existing "county highway commissions," there was a more or less urgent demand that such commissions be abolished. The feeling being that the same work now performed by such commissions could be taken over and performed as well by the boards of supervisors, aided by the same class of competent construction engineers as now employed by the commissions. That feeling manifested itself through the adoption by various civic bodies of resolutions asking the repeal of the highway commission law. Representatives of twelve out of the fourteen counties of the state, meeting in Phoenix, adopted similar resolutions. Those representatives comprised members of the boards of supervisors, clerks of boards and other county officers from the counties.

To meet the above requests a bill was prepared and introduced in the legislature. The original bill would have entirely abolished all highway commissions. By so doing each and every county in the state where a highway commission is now functioning would have been saved an expense of from fifty to seventy-five dollars per day in salaries alone, to say nothing of the saving in other lines where the regular work upon the county highways,

including work under bond issues could have been carried out under one overhead charge.

This Magazine at one time analyzed the reports of one highway commission. Pointed out that the "overhead cost" incident to the activities of the highway commission reached to an average of two thousand dollars per mile in aggregate construction cost of highways. Pointed out also that it cost all of the counties of the state at least seven hundred and twenty dollars per day for every day the twelve highway commissions of the state acted. Pointed out also that the aggregate cost of maintaining county highway commissions was over three hundred and fifty thousand dollars per annum in all the counties.

If the legislature had been as watchful for economy in county affairs as it was in connection with the state budget and state expenditures, it would have saved the taxpayers part if not all of this \$350,000.00 by abolishing the highway commissions entirely.

The legislature did not do the one thing which would have effected such a saving. It did listen to the persuasion of interested parties. It listened to arguments based upon assumption that the work already under way would suffer if "a change was made" and the like. Just why such an argument might not be equally sound in connec-

tion with the succession to any office in bi-ennial periods, and be a reason why a person once in public office should not be retained perpetually until the work of that office was ended, did not seem to dawn upon the legislators. That body did, as a sort of compromise measure, adopt what is called "Substitute House Bill No. 43." Which bill expressly retains all existing county highway commissions and commissioners.

Sometime in the future when all present bond issue money has been expended, and there will be no need for any commission at all, "Substitute House Bill 43" will stand upon the statute books and be of no more use as an economical measure than the proverbial lock on the barn door after the horse is stolen.

When "Substitute House Bill 43" is used, it provides for a county highway commission of three members, instead of five, as at present. It also provides, that where the bond issue is under two millions of dollars, the board of supervisors may act as the commission and receive an extra three dollars per day while so acting. In other respects the law is substantially the same as at present.

There is a provision under which balances in road bond issues, if less than one hundred thousand dollars may be used in the repair of county roads or

in the construction of state highways or roads connected with state highways, by the board of supervisors; if more than \$100,000.00 remains of bond funds then the Highway commission contract the expenditure thereof upon state highways or roads connected with state highways. This provision was evidently inserted to make a surplus in Maricopa county bond issue, immediately available for use, beyond the work contemplated by the system of highways for which those bonds were voted. Rumer has it that portions of these funds are thus to be used for extension of that system towards Yuma, and thus tend to complete the connection between Phoenix and the California line.

Aside from the distinctions pointed out as above, the substitute bill, for all practical results, leaves the highway commissions of counties just where they were before the bill was enacted.

DEATH KNELL OF "H. B. 83"

The special session of the state legislature has to its ultimate credit the fact that by passing Senate Bill one, it repealed House Bill 83. That bill has been commented upon many times in the columns of this Magazine. It proposed a constitutional amendment under which irrigation districts would be permitted to vote bonds, and turn those bonds over to the state of Arizona, which in turn would issue state bonds for amounts necessary to construct irrigation projects, under which the state would be directly liable to the holders of those bonds, and under which the taxpayers of the whole state would be called upon to pay taxes for the amount of current interest upon those bonds, and would also be at all times liable for taxes to amounts necessary to pay the principal of the bonds. Of course the plan contemplated that the irrigation districts would ultimately be able to pay back to the state the amounts so taxed. But there was no escape from the immediate burden of taxes which would fall upon the present taxpayers of the whole state. If such an amendment had been presented to the voters, and ratified by those voters, then the possibilities were for an increase in state taxes, through interest charges alone, to the aggregate amount of \$2,000,000.00 per annum. If that legislation had finally carried, through vote of the people affirming the proposition

(Continued on Page Five)

The General Appropriation Bill Passed by Special Session of Legislature for Year 1922-1923

The proposition of requiring all appropriations to be made specific in amounts beyond which no expenditure of public funds could be considered as authorized by law, is a proposition which has been advanced many times by this Magazine. As an incidental step towards such an end, the suggestion has many times been made that all continuing appropriations, and all "su-much-as may-be-necessary" phrases in the state code be repealed and done

away with. If the Magazine has a proper understanding of the financial code as enacted by the special session, and also a similar understanding of the provisions of the new general appropriation bill the legislature has finally announced its intention of doing just what is covered by the suggestions referred to above.

There is given below the figures taken from the new general appropriation bill as follows:

Governor's Office	\$	31,060
2. State Auditor		26,250
2a. State Banking Department		24,200
3. State Treasurer		31,775
4. State Tax Commission		29,000
5. Corporation Commission		72,880
6. Secretary of State		47,715
7. State Mine Inspector		17,150
8. Board of Directors of State Institutions		20,060
9. Board of Directors of State Institutions for the use of the Free Employment Bureau		2,500
Estimated income from State Tax	\$	2,500
Estimated income from U. S. Government		2,500
Estimated Gross amount required		5,000
10. Board of Directors of State Institutions for the State Industrial School		58,175
Estimated income from State Tax		58,175
Estimated income from other than State Tax		7,700
Estimated gross amount required		65,875
11. Board of Directors of State Institutions for the Asylum for the Insane		158,935
Estimated income from State Tax		158,935
Estimated income from other than State Tax		4,000
Estimated gross amount required		162,935
12. Board of Directors of State Institutions for the Home of the Aged and Infirm Arizona Pioneers		51,510
Estimated income from State Tax		51,510
Estimated income from other than State Tax		2,000
Estimated gross amount required		53,510
13. Board of Directors of State Institutions for the State Prison		187,905
Estimated income from State Tax		187,905
Estimated income from other than State Tax		3,500
Estimated gross amount required		191,405
14. Board of Directors of State Institutions for the Capitol Building and Grounds		40,910
15. Board of Directors of State Institutions for the State Engineer		50,000
16. Board of Directors of State Institutions for the purpose of securing framed portraits of certain legislative officials		300
17. Board of Directors of State Institutions for use by the Arizona State Fair Commission		80,000
17a. Board of Directors of State Institutions for use by Northern Arizona State Fair Commission		5,000
18. Board of Directors of State Institutions for office of State Engineer		387,500
Estimated income by above tax		387,500
Estimated income from gasoline tax		175,000
Estimated income from motor vehicle tax		200,000

Estimated income from Federal Aid	862,500
Estimated miscellaneous receipts	100,000
Estimated gross amount required	1,725,000
1a. Board of Directors of State Institutions for the payment of loading and other Government costs, etc.	50,000
1. For the State Welfare Board	30,000
2. For the State Board of Health	24,650
Estimated income from State Tax	24,650
Estimated income from U. S. Government	3,000
Estimated gross amount required	27,650
2. For the State Laboratory	5,600
2. For the Supreme Court	29,200
2. For the Attorney General	23,200
2. For the State Library	11,475
2. For the State Examiner	9,500
2. For the Commission of Agriculture and Horticulture	50,000
2. For the office of State Dairy Commissioner	9,045
2. For the State Inspector of Weights and Measures	4,400
2. For the Sheep Sanitary Commission	7,500
2. For the Live Stock Sanitary Board	47,800
Estimated income from State Tax	47,800
Estimated Balance July 1, 1922	11,000
Estimated income from U. S. Government from the Bureau of Animal Industry	15,000
Estimated income from U. S. Government Bureau of Biological Survey	15,000
Estimated income from inspection fees	60,000
Estimated gross amount required	148,000
1. For the University of Arizona for the purpose of co-operation with the United States Biological Bureau	15,000
Estimated income from State Tax	15,000
Estimated income from U. S. Government	15,000
Estimated gross amount required	30,000
2. For the University of Arizona	658,750
Estimated income by above tax	658,750
Estimated income other than by direct State Tax	275,300
Estimated gross amount required	934,050
1. For the University of Arizona for the purpose of awarding County Scholarships pursuant to law	7,000
1. For the Superior Courts, State of Arizona	37,300
1. For the State Board for the Control of Vocational Education	92,660
Estimated income from State Tax	92,660
Estimated income from U. S. Government	22,000
Estimated gross income required	114,660
3. For Northern Arizona Normal School	145,000
Estimated income from State Tax	145,000
Estimated income from other than direct tax	3,500
Estimated gross amount required	148,500
7. For the Tempe Normal School	148,750
Estimated income from State Tax	148,750
Estimated income from other than direct tax	3,500
Estimated gross amount required	152,250
3. For the Normal and High School Cadet Commission	12,000
9. For the State Board of Education	1,416,958
Estimated income by State Tax	1,416,958
Estimated income other than by direct tax	265,000
Estimated gross amount required	1,681,958
0. For the State Board of Education for the education of Blind Children under school age	2,500
1. For the State Historian	5,400
2. For the Arizona Pioneers' Historical Society	1,440
3. For the Office of the State Water Commissioner	46,000
Estimated income from State Tax	46,000
Estimated income from U. S. Government	3,000
Estimated gross amount required	49,000

(Continued on Page Six)

Death Knell of "H. B. 83"

(Continued from Page Four)

in House Bill 83, then the state tax rolls would have carried that extra \$2,000,000.00 until such times as the irrigation districts could become selfsupporting to the extent of paying interest charges to that amount.

Reasons for Opposition To Proposals That State Finance Irrigation Districts

This Magazine opposed House Bill 83 from its first passage, as it believed the proposition involved therein was not only fundamentally wrong, but practically an impossibility.

This Magazine opposed House Bill 83, because it opened the doors to speculation in desert entry and state lands. That thereby it would benefit those speculators, and would ultimately result disastrously to persons who would become actual home builders within our state.

This Magazine opposed House Bill 83, because it proposed what would directly lead to increased taxation, at a time when the tax-rolls are already burdened beyond the ability of our people to pay taxes. Because also it would lead to a result which would afford no immediate relief to those burdens.

This Magazine thought it saw a situation already existing where values of irrigated lands within the state had already depreciated to such an extent, that persons now owning those lands were ready and willing to sell out to new comers, at prices less than the first cost of new lands included within proposed irrigation districts, or even less than the per acreage bond issues to be made for installing irrigation works for irrigation of such lands. That same situation included a birds-eye view of idle lands, already subject to and under irrigation projects. That same situation included the possibility of increasing competition between the present lands already under irrigation, and new lands to be redeemed, a competition which would run through from sales values, rental values to and have its effect upon crop prices and values.

If the State Furnishes the Funds, Let It Deal Directly With The People Who Buy the Lands

This Magazine still feels that when the time is ripe, when there is present an active demand for lands at first cost for actual residents and for real home-builders, then the proposition of state aid for reclamation projects may become a legitimate public purpose for

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ARIZONA TAXPAYERS' MAGAZINE

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Death Knell of "H. B. 83"

(Continued from Page Five)

consideration by our voters. If the state were to finance such a proposition, then let it work the proposition from the ground up. Let it take or get the lands at first cost, and at the minimum of that first cost. If it must furnish the capital to construct irrigation works for the redemption of such lands, then let the state do it as a state proposition. When that has been done then let the state deal direct with its prospective future homebuilders. If the profit to the state is to come from increased numbers of thrifty and contented people, to come from a situation of increased homes, then the shortest way to that result will be direct dealing between the state and those people. A proposition along those lines, put squarely up to the people of this state, could be intelligently acted upon. The voters would know what their votes meant. Would favor or not favor the proposed plans. The advocates of such a plan would have, and could have no personal motive for private gain. Such a plan would be a simon pure test as to whether it involved a worth while public purpose for real public advantage, or otherwise. Because House Bill 83 did none of these things, as said above

The General Appropriation Bill

(Continued from Page Five)

44. For the State Land Commission	69,99
45. For the Loan Commissioners of the State of Arizona.....	40,00
46. For the Arizona Land Settlement Commission	100,00
47. For the National Guard of Arizona	65,00
48. For Premium on Bonds of State Officials pursuant to law	50
49. For the Board of Examiners; for the examination of applicants for admission to the bar	60
50. For the Board of Pardons and Parole	1,00
51. For the Board of Dental Examiners	1,50
52. For the State Board of Chiropractic Examiners	
Estimated income other than by direct State Tax....	800
53. For the Board of Medical Examiners	
Estimated income other than by direct State Tax....	800
54. For the State Board of Registration	
Estimated income other than by direct State Tax....	500
55. For the State Board of Nurse Examiners	
Estimated income other than by direct State Tax....	500
56. For the Arizona State Board of Examiners in Optometry	
Estimated income other than by direct State Tax....	500
57. For the State Board of Embalming	
Estimated income other than by direct State Tax....	500
58. For the Board of Pharmacy	
Estimated income other than by direct State Tax....	500
59. For State Game Warden	5,200
Estimated income from above tax	5,200
Estimated income other than by direct State Tax....	19,430
Estimated gross amount required	24,630
61. For Interest and Redemption of Public Debt	72,54

\$4,570,130

The total of all the different extensions made in the general appropriation bill for the sixty-one subjects for which appropriations were made is \$4,570,136.00.

An examination of the table of figures as given above will disclose how much of the receipts from other sources of revenue will continue available as "appropriated" in addition to the totals so extended. A full comparison of all figures cannot be attempted in this issue of the Magazine. The budget as originally planned did show an amount of \$1,123,300.00 for all purposes connected with the University of Arizona; the figures of the appropriation bill amount to a total of \$934,050.00 for the same year. The "mill tax" of one and three-tenths mills for those purposes is reduced to 85 one-hundredths of a mill on the dollar of assessed valuations of the property upon the rolls for year 1922-1923. \$60,000.00 continuing appropriation for support of prisoners in road camps has been eliminated. The

amount raised for "vocational education" has been reduced from \$370,000.00 to \$114,600.00. Other savings have been provided for through the means of making direct appropriation for offices and departments, which heretofore have been maintained in part by tax funds and in part by miscellaneous fees available for use of such departments in addition to taxes. And while the specific appropriation made for such offices may exceed similar appropriations found in former general appropriation bills, the real amount actually available for expenditure is less now than before, with the amounts of former fees turned into the general fund for general use for state purposes.

When the figures are all worked over, and the real effect thereof is fully disclosed, the special session of the legislature will be given proper credit for legislation which is manifestly a source of relief to the taxpayers of Arizona.

the Magazine consistently opposed that bill at all stages.

Schemers Cannot Get By the Lawmakers When Their Schemes Are Understood

The Legislature is to be congratulated for its action in repealing that mea-

sure. As a part of the efforts of the Magazine to defeat the measure its legal department assisted in defeating a special election feature of the bill itself, and successfully assisted in upholding the referendum of the people against such a special election. The

special session of the legislature has anticipated the result, and did so in advance of any vote of the people, by repealing the act proposing the amendment. It saved the cost of such an election. It nipped in the bud any possibility that "politics" might result in swaying voters to action against their real interest, and bring about an adoption of the bill.

Incidentally it may be mentioned that all legislative machinery embodied in House Bill 139, which was enacted

by the regular session and intended by it to give immediate effect to the constitutional amendment if the latter was adopted, was in turn repealed through the enactment of Senate Bill "Two".

The scheme of state aid for irrigation districts appeared in several disguises throughout the special legislative session. But the Legislature stripped the coverings and saw the same result. That result increased state taxes. All these substitute measures were voted down.

The Magazine hopes that the idea of state funds for financing of speculative

irrigation districts, will die and stay dead—as dead as House Bill 83 now is. Let the subject in the form proposed, rest in peace. Let promoters remember their lesson. They cannot put schemes over the legislature and people of this state, when those schemes are fully and fairly opened to the eyes of the people, and really understood by them. The Magazine is satisfied if it has aided even so little in bringing about the final action of the Legislature in disposing of House Bill 83.

Result of the General Appropriation Bill of the Special Session

The special session of the state legislature has completed its labors. It has gone over the appropriations made in the general appropriation bill passed at the regular session in 1921, and to be applied to the fiscal year commencing July first, 1922, and has revised them in some respects, with a result that the net tax rate for the tax rolls of the year 1922, covering that fiscal year will be materially less than at last appropriated.

The First "Budget" for Year 1922-1923 Over \$6,000,000.00

The tax roll budget as proposed in the general appropriation bill passed at the regular session of the legislature for the year 1921, aggregated \$5,140,282.66. To this aggregate it was contemplated that all other sources of revenue would be added and applied to the support and maintenance of state offices, state institutions and state departments, so that in the aggregate the full cost of running and paying for all state activities would be materially in excess of the \$5,140,282.66 of tax raised funds. In other words, when the regular session of 1921 left the matter of expenditures for the maintenance of state offices, state departments, and state institutions for the fiscal year beginning July first 1922 and ending June 30, 1923, it was contemplated that the aggregate of cost would be approximately \$6,000,000.00. This aggregate arrived at by adding to tax raised funds, the undetermined amount of other sources of revenue from all sources including incomes from rents of state lands, interest upon state loans from bond funds, fees in the offices of the corporation commission, the state highway department, the secretary of state, and in other offices, where fees for services are collected, with those fees turned in to the general funds, or made available for the maintenance of the particular office, the particular state activity, or state purpose for which those fees were collected.

The Legislature Converts "Other Sources of Revenue" to the General Fund and Revises Appropriations

As a part of the legislative plan for revising the appropriation laws of the state, the other sources of state revenue which in many instances went to the benefit of particular offices and departments, are now in the first instance deemed part of the general fund of the state. The general appropriation bill now specifies the amount appropriated for each office and department, after also specifying how much, if any, of the former fees and other sources of revenue used for maintenance of any office or department, is still considered as appropriated and available for each such office and department. The aggregate amount appropriated from the general fund, in addition to other sources of revenue still left available to offices and departments, is \$4,570,136.00. This last amount appears to be an amount which will be raised in the general fund, by first using such other sources of revenue as are not specifically set apart for use of a particular office, department, or state activity, and levying a state tax for the balance. Computations will be required which will involve the amounts of "other sources of revenue" still available for offices, departments, and activities, to which such revenues are re-appropriated; which will involve also the amount of "other sources of revenue" not so re-appropriated; and which computations will finally determine the amount of tax raised funds necessary to meet the authorized expenditures for all state purposes.

Legislature Intends to Confine Expenditures to Actually Intended Appropriations

In the main the idea of confining expenditures to the amounts appropriated by the legislature is sound in principle. That is, when the legislature goes over the necessities for funds for any department and ascertains that a certain amount is required to efficient-

ly conduct the efforts of that department as an adjunct in the affairs of the public, that amount should control. In the past it has been the practice to take the amounts named in a general appropriation bill as a sure thing basis for amounts which would be available for support of various activities, with "other sources of revenue" thrown in for good measure, and finally available as additional funds for use in support of those same purposes. This Magazine has for years consistently advocated the abolition of every line of the law wherein authority to expend public funds was based upon language in substance or in effect, reading "so much as may be necessary to give effect to this act shall be paid from the general fund". This Magazine has just as consistently urged that the primary basis for the support of state institutions and state departments, should be the "other sources of revenue" in part derived from rents, interest and other incomes from state land grants, and from other sources of permanent revenue, other than direct property taxes. Has advocated that taxpayers be given the full benefit of such incomes, with the effect of that benefit appearing in lessened tax rates upon the tax rolls of each year.

It can be said that the legislature had ideas along the right direction. In the main that idea was that when that legislature adjourned there would be no uncertainty as to how much money would be required, how much would be available, and how much could be raised by taxation for the state purposes of the fiscal year 1922-1923. That certainly is something that no other legislature has ever stamped into the laws which it has enacted.

The Result Is a Saving of \$570,136.00

On the face of things the new appropriation bill will lessen the aggregate of taxes proposed by the old appropriation

bill, or \$5,140,298.00, to such portions of an aggregate of \$4,570,136.00 newly appropriated in the revised bill, as will not be provided in the general fund, through a conversion therein of "other sources of revenue," not specifically set aside as still available for particular offices and state purposes. It is claimed that a saving of approximately \$570,162.00 will result from the new legislative plan, meaning an ultimate saving of that amount to taxpayers. With that difference, either saved to the taxpayers

by actually reducing the amount of taxes or through reducing the amount of expenditures, by the same amount, and with public purposes of the state for the year in question actually accomplished with equal efficiency, the public will be benefited. Either way of looking at it, the taxpayers have been directly or indirectly benefited to the extent of \$570,162.00 as the result of the special session, and to that extent have been relieved along lines demanded by the entire public.

FOR THE FUTURE OF ARIZONA

It is not a pleasant task to say to those you love, that it is impossible presently to give them all they desire or request. It is no more pleasant to realize a condition of things which makes it out of the question to undertake to do everything which might be done towards our own ideals of what can be done, when those ideals are out of the question for reason of the state of personal financial conditions. Yet there are times when both must be denied for reason of just those conditions.

It is not a pleasant task, even though it appears to be a necessary one, for this Magazine to appear to discourage anything which may in the future tend to develop our own state of Arizona to the full extent which her natural resources, may be developed through the use of public funds as capital. Yet with full appreciation of all that the future holds in store for the generations yet to come and inhabit our great state. With a full realization that the dreams and visions of those who see in the waters of the rivers of and upon the borders of our state, diverted to irrigation projects, harnessed into power-producing engines for development of the mineral wealth of the state, are not idle dreams, but are eventual possibilities. Hoping and knowing full well that upon the actual awakening of a future public to the full understanding and full utilization of all that nature has endowed upon our great state, hundreds of hamlets will thrive and flourish, thousands of homes will be the center of contentment and happiness, of the hundreds of thousands who in the future will take the place of those who now live and call Arizona their home state. Seeing all of this at the end of a rainbow which will be within the reach of future generations, it is, to repeat, no pleasant position to be maintained, when that position must appear to be one which discourages present attempts of the present public to undertake such present financial arrangements as will attempt to reach the end of that rainbow. Yet the practical side of the present-day

dreams must stand and must predominate and must control present action. That practical side includes a calm consideration of the cost in dollars and cents, as a cost to be added to what are now admitted to be burdensome and excessive costs already connected with public activities heretofore attempted and now under way. That practical side of the whole situation seems to call for the same answer to those who would presently undertake to presently realize those dreams of development, as would be made to our personally loved ones; or as would be made in answer to our individual dreams with an ideal for a hobby. The answer is the same when the conditions are similar.

Arizona cannot presently afford to burden its present public to develop anything that is not immediately necessary to that public, or for anything that can only be enjoyed by future generations, when the doing of it will become such a present burden as to weary those who are now confronted with problems for present existence, and tend to make that present burden more than could be carried at all.

A Practical View of the Situation Requires Conservation and Letting the Future Wait Its Turn.

To be practical in connection with dreams for the future development of Arizona, requires patience and con-

servatism. Let some of the development await times which are more apt, and when a rejuvenated financial situation will make easy for the public of the future what could only be now undertaken through private sacrifice and excessive strain upon private activities.

To be practical in connection with those dreams as to the opportunities Arizona which await funds for development, does not mean a present attempt at realization, when, through surrounding financial conditions, that attempt may result in leaving only a heritage of debt for payment in the future with actual accomplishment defeated for lack of necessary funds.

Among the dreams which the Magazine has for the future of Arizona is the one of passing to that future an unimpaired and not exhausted public credit. Such a credit as will be unimpaired by any too strenuous present use, and remain as a heritage of the future public for use in such plans for realization then of what cannot now be safely undertaken for financial reasons. It believes that with that credit so left unimpaired, with full opportunity left to the future, for such development as may be then deemed necessary to further empire building in Arizona, the future of Arizona will arrive in due time, and build for what to it will be the future, upon a firm and sure foundation laid, kept and maintained in the present era.

All Rome was not built in a day. No can Arizona be fully developed in a day, year, decade, or one generation. Strong as it may be, the Arizona public at present is not yet an "Atlas" in strength and cannot presently undertake "to carry the whole world," nor the whole future in presently undertaken projects for that whole future. With examples of conservatism left to the public of today, the future public can be depended upon to continue in the line of progress in a sure, safe and certain manner, until the end of the rainbow of present dreamers is reached for Arizona.

RESOLUTION: IN MEMORIAM—COL. EPES RANDOLPH

The following Resolution was adopted at the annual meeting of the State Taxpayers' Association, held at Yuma, March 13th, 1922

WHEREAS, Col. Epes Randolph, a member of the Board of Directors of this Association, who departed this life since our last annual membership meeting; and

WHEREAS, Col. Randolph was one of the organizers of the Association and has at all times not only been an ardent supporter of its work and progress, but has also been one of the main factors of the industrial and economic development of the State of Arizona.

NOW, THEREFORE, BE IT RESOLVED, That this Association, through its general membership meeting first assembled since the death of Col. Randolph, does hereby testify to his worth as a man and as an upbuilder of the State, and does hereby deeply deplore his untimely death, feeling that not only has this Association thereby sustained an irreparable loss, but that the State of Arizona has been deprived of a citizen whose life and efforts for many years past have been unselfishly devoted to its development and the betterment of its people

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, MAY, 1922

NUMBER FIVE

TABLE SHOWING FIGURES BEARING UPON THE COST OF MAINTEN- ANCE OF HIGH SCHOOLS IN MARICOPA COUNTY

High School	Average Daily Attendance	Per Capita Cost	Total Expenditures for School Maintenance
MESA	400.....	\$140.04	\$ 56,018.46
PHOENIX	1,291.....	174.47	225,242.53
GLENDALE	152.....	176.44	26,820.19
CHANDLER	101.....	191.54	19,345.64
TEMPE	154.....	194.88	30,012.66
PEORIA	33.....	332.53	10,973.49
GILBERT	56.....	452.88	25,361.77
TOTAL FOR COUNTY ....2,187		Average per capita 7 schools \$237.54	\$393,774.74

AS THE PRESENT STATE COMMON SCHOOL FUND IS PRORATED TO THE COUNTIES AND INCLUDES MONEY FOR SUPPORT OF HIGH SCHOOLS, ALL FINALLY DIVIDED ACCORDINGLY TO DAILY AVERAGE ATTENDANCE, IT IS APPARENT FROM ABOVE FIGURES THAT THE HIGH SCHOOL DISTRICTS OF MARICOPA COUNTY ARE SUBJECT TO SPECIAL LEVIES, NOT AT ALL UNIFORM AND WHICH MAKE UP THE DIFFERENCES NOTICEABLE IN PER CAPITA COSTS OF THE DIFFERENT HIGH SCHOOLS AS SHOWN BY THE ABOVE TABLE.

EDITORIAL COMMENT

EXPENDITURES FOR SCHOOLS

Extracts From an Investigation Report of a Local Economy League as to Costs of Schools

The people are beginning to look into public financial questions for their own purposes as a means of finding some remedy for the high cost of maintaining public activities which are finally supported from tax raised funds. They are reasoning from cause to effect upon questions bearing upon and connected with that all important question of increasing costs in the administration of public affairs, they are looking into existing conditions, and from those conditions attempting to find room for such a course of action as will bring the desired relief.

No one would advocate any course which would impair the efficiency of our common school and high school system. The people of the state are so firmly wedded to the policy of the most efficient system of schools, that any suggestion towards a possible reduction in the costs of maintaining that system, is many times dismissed without any consideration whatever as to the merits, or possible merits of the suggestion. The Magazine apprehends that the people of Maricopa County are as jealous of the schools of that county as any county in the state. But Maricopa taxpayers who are also in heart and in mind staunch supporters of the schools of that county, find the burden of taxes incident to supporting the schools is heavy. There are a few from that public who are not afraid to investigate, to survey the situation and come before the public with some facts as to what that investigation discloses, and follow it up with suggested remedies. That our readers may have the result of just such an investigation, as it appeared to the committee of a branch of an "Economy League" of Mesa, Arizona, extracts from such a report are given below:

"Your finance committee of this organization submit herewith a brief synopsis of our findings in investigating the expenditures of school monies by the schools of Maricopa County. As

per the sense of the meeting we have endeavored to obtain accurate information and figures. We have endeavored to eliminate all items of a doubtful nature or incomplete information which could not be used in arriving at correct conclusions. The following information is submitted with the sole view of enabling the taxpayers' league to enter into a constructive consideration of our school problems and to point the way whereby the efficiency of our schools may be maintained or increased more economically. We obtained our information from the records in the office of the County school Superintendent who gave us every valuable assistance in arriving at the facts which we obtained.

"Per capita cost of education in the high schools of Maricopa County varies from \$117 to \$468 in the grade schools, the range is between \$65 and \$112 per pupil in 12 of the larger graded schools."

"In addition to the \$60 per pupil received from state and county levy, all high school districts and most grammar school districts levy an additional tax on the respective districts for school maintenance (exclusive of bond redemption and bond interest). The special tax rate in the different high school districts ranges from 14 cents to 84½ cents per \$100 valuation and in the grammar school districts from nothing to 46 cents per \$100 valuation.

"In the grammar schools the number of pupils per teacher in different schools ranges from 19 to 34. It is evident that there is a direct relation between the number of pupils per teacher and the per capita cost of instruction."

"Due to the fact that special taxes are levied by boards of trustees the total rate in the various school districts varies from \$1.74 to \$2.95 per \$100 valuation."

"The per cent of school funds for professional salaries ranges from 56

per cent to 83 per cent in grammar schools and 64 per cent to 76 per cent in high schools."

"Due to lack of uniformity in accounting of school expenditures a careful detailed analysis would be necessary to compare the amounts expended for supplies and miscellaneous items in the various districts. However, it is very apparent that some districts are much more economical in the purchase of supplies and in miscellaneous expenditures than are others."

"A close study of the above facts indicate the lack of uniformity in educational standards and practice throughout the schools of Maricopa County. The remedy for this situation would no doubt result in greater economy in their operation or both."

"I want to say in all fairness that many of our superintendents and trustees are with us in the matter of economy, also many of our teachers we believe are in accord with our taxpayers while others seem to oppose anything that will bring relief to the taxpayer."

"In conclusion, I want to say that in the interest of economy I think there should be a cut of 25 per cent in all the salaries of all state, county, city and schools where salaries exceed \$1,500 per year, this should include school superintendents, teachers, stenographers and everyone whose compensation is not fixed by law. All the departments of our government should help to bear the burden of reconstruction until the country returns to a sound financial footing."

The Magazine believes that at a time when the minds of the people of this state are practically unanimous upon the general subject of reducing the amount of taxation, any suggestion which appears to be founded upon anything resulting from an investigation of fact bearing upon any branch of public business, deserves a fair consideration by the people. It believes that public officials, regardless of the particular

branch of business left in their charge, should have their attention called to possibilities for economy which may be affected, without impairing efficiency. If such possibilities do exist in connection with our schools, then full application should be made of those possible changes which will result in lessened cost, without weakening the school system itself. It is only by careful thought, through detailed investigation, and weighing possible results through

change of present methods to different methods, that any proper change at all can be made in any branch of public business. **Public business is the People's business.** The final course of action which will voice the will of the people, can be mapped out, only by hearing from everyone who has ideas based upon study and investigation of the particular subject upon which he or she speaks. Hence every such idea has a value, and the more ideas which are

brought to light all directed to the same end of economy, the quicker that end will be reached. Full discussion of all problems usually result in solving those problems for the public good. The Magazine has given the foregoing report from one section of the state. If other local organizations have pursued similar investigations in other parts of the state, it would be glad to hear from them, that it may present the whole subject to its readers.

Can the Cost of Maintenance of the Public School System in Arizona be Decreased Without Detriment to the Schools?

The above question is a vital one in connection with public finances which involves taxation for state, county and school district purposes. The primary school fund for common and high schools of the state comes from the state common school fund. To this is added county taxes, according to a budget made up by county school superintendents in answer to, or to comply with estimates made up by various school district boards representing each and every separate school district in the state, added to which are amounts desired in different districts, beyond anything which can be provided under state levy or general county levy, and which takes the form of special school district levies. The entire amount becomes a demand against the tax-paying public of the state, of the county, or of the particular district, according to the items to be provided for use of the school districts of the state.

When over fifty per cent of the taxes appearing upon the tax rolls of the various counties of the state, are for educational purposes, of which the common schools and high schools call for a major part, the question which is asked in the heading of this article is quite pertinent to any general consideration of the way in which the amount of taxes may be reduced, without detriment to the public functions which are performed and paid for through tax levies.

This magazine is in perfect harmony with what it believes to be the ideals of each true citizen of Arizona, who thinks of the future of the state in the hands of girls and boys of today, educated to become efficient for their public and private duties as the men and women of the future.

County Unit System for School Supplies Proposed for Purposes of Uniformity and Reduced Cost of Schools

These are suggestions made as to changes in the school laws of the state which have for their purpose a centralization of power of control over the common schools, the high schools and educational system for higher education in Arizona. The ideas of a county unit system for the schools of each county, through which the plans and outlines of the system of schools will be carried to every school in that county; through which will be established a uniformity as to what supplies, paraphernalia and equipment is needed in connection with that uniformity; and with power in the unit head of each county school unit, to purchase supplies, equipment and school necessities, with power to fix the salaries of teachers, are included in those proposed changes of the law.

In line with what is suggested and advocated in the proposals referred to, this Magazine has heretofore advanced the proposition that the present constitution has already taken the first step, looking towards a county unit system, when it provides for a state tax for school purposes to be pro rated among the various counties of the state according to the persons, or pupils of school age in each county. The second step to follow will be to place the control of those state taxes raised for common school purposes, under the first general agency of the state, i. e., the counties of the state, as a means of controlling the expenditure not only of state funds, but of county tax school funds, as well. This second step to be for the purpose of the desired uniformity among all common public schools of the state, county by county.

County Unit Control Might Eliminate Special District Taxes

With state school funds, added to county school tax funds, all administered through a county unit head, with that county unit head applying to the schools of each county the principles, lines of study and instruction as outlined by a state board of education, all so put into effect as to stand for final uniformity in salaries, in equipment, and courses of instruction, with school district lines, and the individual district boards either wholly eliminated or subordinated to the county unit control, all this might result in eliminating a large proportion of "special school district" taxes now levied in many districts for extras which are deemed necessary according to the ideas of individual school boards now acting for each school district in the state, and so acting independently of and from other schools in other districts.

The people desire the best schools. They are willing to pay the cost thereof. What the schools now cost, as compared with what that cost could be reduced through any change in connection with the actual administration and expenditure of school funds is the question to be solved. The layman pays the cost of schools. The educators plan the system of education entailing that cost. In a measure scientific education is and must be left in the hands of those who are proficient in educational needs and methods. The matter of handling school finances is a business matter. Because the laymen who are taxpayers may ask that business methods be applied to the financial business of the schools, does not mean that the business head of any county unit must usurp proper functions of the educational head or heads of

that same unit in connection with schools. Both the business ends and educational ends of the school system, if placed in charge of competent men whose competency fits them to function in their particular place, can work together in harmony, and do so without jeopardizing the results of the system itself, as an educational success.

The placing of competent business men with authority to act along lines of good business principles in connection with school finances, would be action quite in harmony with present day ideals of education—that is, the idea that the best results follow from using specially trained

persons upon special subjects.

The whole plan contemplates that specialists in financial and business matters will handle the business end of the schools, and that educational specialists will handle the educational part of public school work. There can be nothing fundamentally wrong with the plan itself.

Some Details as to the Provisions of the New "Financial Code" as Connected With the New Appropriation Bill

A continued study of the new financial code enacted by the special session of the state legislature will be necessary, that its full effect upon the finances of the state, the handling of those finances, and ultimate result upon taxes to be raised for support and maintenance of state offices, state departments and state institutions will be finally apparent.

The financial code announces the objects and purposes for which appropriations are to be made by classifying the general heads pertaining thereto, as being: "salaries and wages", "operation", "travel", "capital investment", "repairs and replacement", with "contingencies". That code contains definitions as to what is to be included under each of above classifying heads. "Salaries and wages" includes compensation for personal services. "Operation" includes expenses incident to the conduct of an office, or maintenance of an institution or school. "Travel" includes all charges and expenses necessarily incident to traveling on official business. "Capital Investment" includes expenditures for visible, tangible personal property of a non-consumable nature, all items of fixtures or apparatus, the enlargement or improvement of existing buildings (other than repairs) erection or construction of any new structure. "Repairs and replacements", when used in an appropriation act, includes expenditures for changes in existing buildings, structures or units of equipment not amounting to substantial changes and not amounting to betterment. "Contingencies" covers expenditures for purposes not covered in other items.

New Classifications for Appropriations

Having in mind the above classifications and definitions, the legislature, in its general appropriation bill, enacted in its special session, abandoned all former classifications, and itemized the appropriations for each office, institu-

tion and department, under some one or more of above heads, to conform to what was appropriated for each, and as to each, the purpose for which the appropriation is to be used. In consequence of this arrangement and classification of items of appropriations, former appropriations made as for "maintenance", for "expenses", for "improvements" and other general heads which were used in general appropriation bills, lose their identity so far as that identity is necessary for comparative purposes. Any complete tabulation which might be made would need to be minutely detailed and explained, and would bring forth masses of figures in detail in order to produce a means of showing the real saving in amounts newly appropriated, as compared with former appropriations. Any attempt to make comparisons without such detailed explanation would result in confusion rather than real information upon what the actual saving amounts to. Hence no statement in figures is attempted.

Expenditures Must Not Exceed Specific Appropriation Amounts for Any Purpose

One of the features of the financial code continues in force similar provisions in the former budget law, with its companion law, known as "Senate Bill 90" of the 1919 legislature. That provision prohibits any office, institution, school, department, board or commission, through its managing officer, or officers, from contracting any debt, making any contract or assuming to bind the state to an amount in excess of the amount of money appropriated, unless expressly authorized by law. This provision is intended to confine contracts involving state funds, to such an aggregate amount of all contracts made, that such aggregate will not exceed actual appropriations. Its effect will be to do away with any "implied

authority" of public officers to spend public money, when that authority is to be implied only from some implied duty to act. The amount appropriated is the amount to be available for use. The manner of that use, must be confined to purposes arising from express authority for such use connected with particular purposes. This is the purpose of that phase of the new law.

The financial code puts limitations upon expenditures from appropriations for "salaries" and for "expenses", putting that limitation in language as follows:

"Disbursements from appropriations made, which are subject to the approval or certification of the Governor are subject to the following restrictions: Payments for personal service except for positions specified in the appropriation act shall be made in conformity with schedules and amendments thereto submitted by the respective officers and approved by the Governor before becoming effective . . . The authorization of the employment of person or persons and the performance of sundry duties and things and the payment of salaries, wages, compensation costs and expenses, of whatever kind relating to the activity of any state agency, provided, directed or authorized by the provision of any of the titles, chapters, paragraphs or sections of the Civil Code and Penal Code, and by any amendment or amendments thereto, or by any law of the state of Arizona, shall not be construed as an appropriation of any sum or sums of money for such purposes, and the same shall be paid only upon authority of the proper officer, and out of the General Fund and the appropriation for the proper department, institution or office, authorized in the General Appropriation Bill."

This provision more emphatically reduces the authority to pay salaries for

employment in any office, and confines that authority to the limits hereon provided through the amount of appropriations found in the General Appropriation Bill. The provision is evidently intended to follow up other provisions of the law, above in other paragraphs of the article mentioned, and require the "express authority" for payment of salaries, costs and expenses, to be found in the General Appropriation bill.

Express Repeal of Continuing and "So Much As Necessary" Laws Appropriating Money

The financial code does not leave its force and effect to be determined solely from a construction of general language of limitation upon powers of officers of the state to contract, use and expend public funds. It goes into details. Among those details appears specific designation of all the various offices, Boards, Commissions, the different departments of the state, and the state institutions. It contains many paragraphs, each directed to some existing paragraph of the Arizona codes, or particular laws, wherein appears some provision which relates to an appropriation which relates to something resembling authority to create debts or make expenditure of public money. It seems, in this regard, to cover every provision of law which contains language commonly referred to as "so-much-as-necessary" appropriations, and also provisions providing for a specific amount to be raised "annually" or what is referred to as "continuing appropriation", when speaking of that class of laws. In that connection, the financial code re-enacts many paragraphs which heretofore contained language which either expressly appropriated money, or has in common practice of the offices and departments been construed to do so. With force given to all such provisions as re-enacted, and in connection with other language of the new financial code above referred to, the general appropriation bill now in force, and future general appropriation bills will be the sole guide as to what amounts of public money is available for expenditure for the conduct of state activities of all kinds.

All Fees and Revenues Go Into Treasury As Collected

Still another new feature appears in the code. That provision is as follows:

"The gross amount of all other moneys received by any state agency, from whatever source, shall be paid into the state treasury to the credit of the general fund, not later than

fifteen days after the receipt of same, without any deductions whatsoever, excepting moneys received by the University and Normal Schools for the subsistence of their dining halls, book stores and student activities, and all moneys received for the subsistence of state road construction camps, which are hereby declared not to be moneys for the use of the state."

With some exceptions, the new law so provides that all balances in funds which were appropriated for the ordinary and contingent expenses of the state, after paying therefrom all obligations contracted prior to the beginning of a new fiscal year, shall become a part of the general fund.

State Funds are to be General Funds and Special Funds

The new law divides all the funds in the treasury into what is termed the "general fund" and special funds. The names of the latter are designated, and include the special land grant funds required by the Enabling Act and the state Constitution for interest and bond redemption funds, the state game protection fund and the state highway revolving fund. Also and as a general proposition, the fees, incomes and revenues of offices, departments and institutions which are not inviolably appropriated to one of the above special funds, go to the credit of the general fund, and in the general fund become available for general use, except to the extent where those same fees are re-appropriated for use of some particular activity. In cases where offices have heretofore been supported by fees collected, in future the fees will be collected, turned into the general fund, and in lieu of those fees, an express appropriation is made for such offices, and generally payable from the general fund. The fees, and revenues in such cases, lose their identity, so to speak, with specific appropriations made to replace that identity. The motor vehicle license taxes, the gasoline tax, money received from the United States, for highways and for other joint purposes of the government and the state, still retain their identity, and are still to remain in the general fund as available for the specific purposes for which placed therein.

Old Funds Turned Into Use in General Fund

In going over the matter of appropriation language in the former laws of the state, several appropriations for

specific purposes, it was found that all or some portion of those appropriations remained either not entirely used, or the original purpose of their use was no longer such a purpose. Many of such laws are dealt with in the financial code in a manner which annuls the old purpose, and makes the funds available in the general fund for general state purposes. This is a round up of stray and idle funds, which will ultimately lessen the amount of new money required to be raised for future state purposes.

Summing the financial code provisions up into its general results, it may be said, that it contemplates a use of state funds, within and not to exceed specific amounts appropriated for distinct classes of purposes, designated as such for each office, each institution and each state department. It reduces the expenditures of offices created for support by fees collected, to specific amounts, giving the public in general the benefit of any excess in amounts collected. It requires co-operation between the Governor and other agencies, as to lists of employees and their wages, if any, to be paid where the general appropriation bill does not speak. It abolishes balances unexpended in a fiscal year. It leaves the general appropriation bill to speak as to how much of each appropriation shall be made up from estimates as to other sources of revenue and how much from taxes, thus giving the taxpayers a benefit against idle balances for other revenues, with tax levies to be made only for the balances needed to meet specific appropriations. It will do away with indiscriminate expenditures of what has heretofore been "other sources of revenues", expended without restriction in addition to tax raised funds. **There is also a provision which requires expenditures to be made not exceeding in any one quarter, that proportion of a yearly appropriation equalling one fourth.** This provision will tend to prevent the creation of deficits and will require the planning of a year's business in advance that supplies may hold out for that full year.

The new code takes effect commencing July first, 1922. There after and in connection with the tax rolls for the year also commencing at that time, the State Board of Equalization, the Auditor and other officials connected with the state tax department, will work out the balances of funds, the estimated revenues and arrive at the tax rate for state purposes. Just how much the taxpayers will reap in benefit from the new law will then appear.

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How the Governor of Wyoming Views Public Finance and Tax Problems

The Magazine has many times asserted that the problems of increased costs of maintaining governmental functions, including national, state, county and cities, are problems not local to the state of Arizona, but are engrossing the attention of the best thinkers of the entire country. The Magazine has modestly advocated certain lines of action to the end of solving those questions and affording relief to an over-burdened tax paying public. Attention is called to what Governor Robert D. Carey, of Wyoming, has to say upon those same matters in a special article in the Glendale News of May 5, as follows:

On account of large expenditures incident to the recent war and the increase in cost of State and local government, taxes have been greatly increased

and people in all sections of the country are objecting more and more to paying taxes. The average taxpayer has little idea of governmental expenditures and is inclined to blame the State Government for any increase which may be levied against his property. The fact is, that outside Federal taxes, those that are the largest are to a certain extent local taxes which the people themselves could regulate in many instances if they would but make the effort.

Generally speaking, the greater portion of money raised by taxation is for the support of schools and for municipal government. In this state each \$100.00 paid by the taxpayer in our two largest cities is distributed as follows: City Government, \$39.93, schools, \$29.40, County Government, \$17.57 and State Government, \$13.10. It will be seen from the above that the cost of State Administration is comparatively small which is also true of the country, while the cost of maintaining a city is far out of proportion to that of either the State or County. It appears that the smaller the subdivision of government, the greater the cost of the same.

Schools Need More

As to schools, there is little chance of reducing expenses, as we are demanding and expecting better schools, and, in fact, it would be a very poor policy to fail to provide funds that they may be properly financed and improved. While the cost of supporting them is great, no right thinking person should object to paying his share, and no expenditure of public money will in the end bring greater returns.

Necessarily the cost of government has increased in proportion to the increased cost of living and everything costs more than it did a few years ago. Consequently, both officials and employees must be paid higher salaries or wages, supplies are costing more and it is much more expensive to care for an inmate of a penal or charitable institution. Further, new and increased demands are constantly being made upon the State, and the State today is engaging in many activities that it did not formerly. Perhaps the greatest burden that the States have assumed is the building of highways. The Federal Highway Acts have caused every State to organize Highway Commissions which are necessarily large and expensive organizations and which are spending vast sums of money. This, to a large extent transfers to the State an expense which was formerly borne by the County or local community and

while it necessarily increases the State expenditures, there is no question but that it is bringing about better highways and is saving large sums of money formerly wasted upon poorly located and ill constructed highways.

Selfish Demands

Unfortunately, at each session of legislature each community and interest demands from the legislature appropriations for its particular benefit. Few members of a legislature have a general knowledge of the State or its institutions, and frequently have to take it for granted that an appropriation is necessary and through lack of knowledge money is some times voted unnecessarily. As a usual thing during the first session of legislature, after a Governor has assumed office he has had little or no time to investigate the needs of the different State institutions and on this account is not able to advise the legislature as is possible after he has been in office for some time. There have been instances in this State where money was voted for unnecessary improvements for State institutions and recently the State has abandoned a expensive light and water plant which was provided for one of the institution for the reason that it was much more expensive to operate than to obtain light and water from an adjacent city. This is an example of a member of the legislature getting through an appropriation simply because he wanted something and this was about all he could think of at the time.

Another cause for the increase in taxes is the voting of bonds which have become most popular and which are very often voted on with little consideration of the needs for which the money is to be raised and as a rule little interest is taken in bond elections. Not long ago a bond issue of \$350,000 was submitted to the people of a school district and at the election 350 voted; one person for each \$1,000 of bonds to be issued. It seems that many fail to realize that bonds must be paid and that to retire them and pay the interest the money must be raised by some form of taxation.

Budget Benefits

There is no question but that the adoption of the budget system in many of the States means the saving of large sums of money that were formerly voted without regard to the necessities of the State government; in fact without budget systems appropriations are made haphazard while with the budget a careful survey is made of all proposed

penditures. Further, the provision in any budget laws that no appropriation can be made by a legislature until after the passage of a budget bill does much to discourage the introduction of appropriation bills.

As to the cost of City government the people themselves by taking more interest in municipal affairs, could bring

about more efficient and more economical City Government and if Cities would employ qualified persons to superintend their expenditures a great deal of waste could be eliminated. If more careful consideration was given to the matter of voting bonds, no doubt, in many instances, they would not be

voted, but as long as people demand more and more, a reduction in expenses cannot be expected, and only when the time comes that the people and their duly elected representatives make up their minds to spend no money except for that which is absolutely necessary can they expect a reduction in State, City or Municipal taxes.

Good Business Methods, If Applied to Public Business Would be Real Economy

Some persons seem to reason that no analogy exists in the relation of public business and the methods used in performing public functions of government and methods which run for success in the private affairs of men.

Everyone realizes that in private business the man with ideals, coupled with perseverance, pertinacity and conservatism is the man who will soonest attain his ambitions in life. To such a man the animating purpose of attaining that success which he has marked out for himself, is such that he realizes that upon his own resources, and through individual efforts he must overcome every intervening obstacle in his road to success.

No matter how much his apparent enthusiasm may appear to control his actions, in his own mind he realizes that he must make haste slowly, or run the risk of failure.

The individual resources of a private business man may be limited. He knows that from his business he must first maintain that business, and from the surplus thereof, slowly build it up to the height sought by his ambitions.

The Business Man Aims to Supply What a Majority Need—Necessities

He may enter business in a field of which he knows the demands to be supplied to the public. He may have dreams of a store with all the departments, branches and means of serving, equal to any which he sees in more wealthy, more populous and larger business centers. He may aspire to equal such business establishments. Yet he knows that he must first cater to the real needs of his community, he must place upon his shelves goods which are actually necessary, and for which such a demand really exists, as will insure a sale of what he has for sale. He knows that loss will follow if he lets his business run to catering to the whims of customers seek-

ing for novelties and for luxuries. He knows that the demands of such a class, is a fluctuating, ever changing demand, and that attempts to cater to all such will result in left over goods, unpatronized counters and consequent loss in uncalled for overhead expense and shopworn goods.

The Business Man Will Weed Out Unnecessary and Unprofitable Departments of Business

The keen business man would not attempt to open up a department store in a rural community, and do so on a par with what could be found in the metropolis. If, in fact, he did open up separate departments, he would be constantly upon the alert to ascertain if those departments showed profit or loss. If he found a loss, then immediately the unnecessary department would be consolidated with some other, or abandoned entirely. And finally, no matter how large his business a constant scrutiny of the overhead expense would be maintained. Idle clerks would either be put to work where their services were needed, or dropped from the pay-rolls entirely. He would insist upon loyalty to the business, from every employee. Those who simply put in their time watching the clock, so to speak, would soon find themselves out of a job.

The foregoing are plain truths. Truths which are used in and apply to every successful business and every private activity. Our readers will readily recognize that truth. They may not so readily see how similar rules for action could be applied to public business. The common answer made to suggestions that such rules or similar ones can actually be applied to public activities, is: "oh, that is different." But is there really any difference?

Governmental "Luxuries" Similar to Private Business Novelties. May Be Eliminated For Economy

To apply the suggested rules to pub-

lic business in Arizona, let it be suggested that with a transition of Arizona from a territory to statehood, it is possible that some legislators, backed by demands of their constituents, may have had dreams of the present greatness of the older states. They may have approached the matter of building a new state in Arizona, along lines beyond or in advance of its requirements. They may have planned too many separate departments, requiring too many department heads, assistant heads, and, incidentally, too many employees. If further suggestion is necessary, it may be that subsequent legislatures have overestimated the real growth of the public, in the sense of its ability to support and pay for all that it, the public, may seem to demand, in the way of continued activities in public service. It is true that large numbers of the public are unable to pay the public burdens of taxation heretofore required to support past public activities. It is true that new demands for further increase in public activities are brewing. If such activities are undertaken, the tax-burdens of and for public business will be correspondingly increased. The question is are these activities presently required by the public as a whole.

The economy side of what is suggested above, from a public standpoint of view, is to be found through and from a careful review of the entire situation. If public activities which make up what is public business and require public finances for support of those activities, are now spread into too many fields, some really necessary and some savoring of what in private business would be lines of novelties and luxuries—if the public cannot really afford to support the latter—if the same activities now undertaken by the state, can still be prosecuted and carried on with and through consolidation of departments, and with lessened cost through means of

such consolidation—if in any case public employees have no idea of fidelity and sincerity of purpose in connection with their duties—if there are any useless departments, offices and agencies which can be eliminated—if there are too many employees for the transaction of public business—if any of these things are found to be present in connection with any portion of public business, then the public must and should do just what that same public would see it necessary for a successful private business man to do.

Enthusiasm, Conservatism With Ideas of Economy for Public Business leads In Reduction of Costs and Final Progress

There is no real difference as be-

tween the ideals of public business undertakings than the ideals of a successful business man. The success and final results towards the achievement of the ideals in either case must come from and through similar methods applied all along the road from the start to the finish of that success. Enthusiasm towards an ideal success is an element in men and in mankind, which commands the admiration of all. Let the public of Arizona keep all the enthusiasm which it has. But let it exercise and use that element of success along lines of conservative development, restrained if necessary to the extent of the ability of the public to presently pay for that development as it proceeds.

With economy in the use of public

funds—with due regard to what the real necessities of the public are, with an economical use of public funds in the hands of public officials imbued with ideas of thrift and actual efficiency in the handling of those necessary activities—with every public official every head of departments an enthusiast for public interests along the same lines of action as a successful enthusiastic business man would act in his private affairs—with such enthusiasm in public affairs, public progress will be assured without over-burden through taxation upon the public of Arizona.

It is finally suggested that our readers imitate the idea of the mythical private business man in dealing with the financial questions which confront the public of the present day.

County Officers Cannot Recover for Extra Services During Term of Office

In a recent case, a former county attorney and his assistant, sought to recover from Yuma County the sum of \$25,000.00, on account of legal services rendered in connection with a county boundary line suit between that county and the county of Maricopa. That suit was commenced in the year 1915, when the two attorneys held their offices under the county, and continued until it was finally decided in the year 1918 about two years after their terms of office expired. The claim was presented to the board of supervisors. That board allowed the sum of \$3,500.00, which was taken by the attorneys, and followed by suit to recover the balance of the fees claimed. The superior court allowed the sum of \$11,500.00 as the reasonable value of services rendered by the attorneys after they went out of office, and the county appealed to the Supreme Court. That court reversed the judgment of the superior court and ordered the cause of action dismissed. An extract from the decision which is given below shows the reasons for so doing.

The court says:

"The contract of employment was dated, according to the allegations of the complaint, or at least according to all fair inferences to be drawn therefrom, during the year 1915. It is stated the assignors began to discharge their part of the contract on or about Feb-

ruary 1st, 1915, and it is naturally inferable that the record contract described was of that date or earlier.

"The pleadings and the evidence present the question directly to the court, as to whether the contract alleged was under the law enforceable or contrary to public policy and unenforceable. We think but one conclusion is deductible from the facts stated. The law-making department of this state has declared the general public policy in that regard in paragraph 2437 of the Civil Code 1913, which reads as follows:

"No demand on the county treasury wherein any county officer shall be personally interested, or arising out of any contract wherein any county officer shall at any time, while in office have been a party or otherwise personally interested, shall be approved, allowed or paid, but every such contract, claim or demand is hereby declared null and void, except for official compensation of the persons in whose name it is presented."

"Surely the contract relied upon violates the spirit of the law, if not the letter, when the officer is forbidden the right to present a claim or demand for his services rendered thereunder, to the county. It may be true that the law nowhere imposes, in express language, the duty upon the legal advisors of Yuma County, to institute and prosecute boundary line suits, but that does

not justify or entitle them, after voluntarily doing it, in making a demand for compensation. The law makes the salary provide the exclusive remuneration for all services rendered by public officers. The statute expresses it in this way:

"The salaries provided in this chapter shall be in full compensation for all services of every kind and description rendered by the officers named in this chapter, either as officers, ex-officio officers, deputies, or assistants." Par. 3244 Civil Code.

"In 11 Cyc. 498 the general rule is stated to be:

"One who asks payment of a claim against a county must show some statute authorizing it, or that it arises from some contract, express or implied, which finds authority of law. No claims are chargeable on a county treasury, or can be paid therefrom, except such as the law imposes on the county, or empowers it to contract for, either expressly or as a necessary incident, and no officer of the county can charge it with the payment of other claims, however, meritorious the consideration, or whatever may be the benefit the county may derive from them; * * * Anderson vs. Board, 44 Okla. 164, 143 Pac. 1145."

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

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ELIMINATION FOR PUBLIC ECONOMY

LET every individual member of the public confine his demands for action by the public officers solely to such demands which include only purposes and objects which are really necessary and essential to the true government functions of a good government, efficiently conducted. Let those individuals see to it that every other demand for any public activity, whatsoever, be entirely eliminated from the required functions of public offices.

Let public officials eliminate from proposed actions such as increase the operation expense of their offices, without increasing the efficiency of those offices—expend only when necessary, and eliminate all else from the conduct of their offices—eliminate the useless—eliminate what is obsolete—eliminate the unnecessary—eliminate every tendency toward extravagance.

Let the public itself and every officer of the public work hand-in-hand for elimination from budgets and from actual expenditures of public funds, all together along the lines of above suggestions and

Economy will produce itself, High taxes will be eliminated

EDITORIAL COMMENT

ECONOMY THROUGH NOT EXPENDING MONEY, EVEN THOUGH APPROPRIATED

The legislature has taken into account every source of revenue which is available for any state purpose, and so provided that the taxpayers get the benefit thereof by deducting those revenues from amounts appropriated and made available for any state purpose, which is wholly or partly supported by income other than direct taxation.

In another article in this issue of the Magazine attention is called to the fact that the real source of increased taxation, as that increase has shown itself year by year, is a source which has its origin in demands made by some portions of the public, to comply with which revenues must be provided, and that provision comes through taxes raised to provide those funds. It is there urged that demands be reduced. That all demands for new purposes, for obsolete purposes, and any like really unnecessary purposes, be weeded out of the budgets. In connection with county taxes the public can still be heard upon that subject. In connection with the state budgets, the legislature having already made the appropriations, there seems no way to escape a tax levy to meet the balances of such appropriations not to be provided for from the other sources of state revenues. Yet while the appropriations have been made, and while from those appropriations a necessary rate of taxation will follow for state tax levy, the law is only that the amounts appropriated **MAY BE EXPENDED**, that same law nowhere makes it mandatory that all of every appropriation **SHALL BE EXPENDED**. And in between the power to expend and the actual expenditure of funds available according to appropriations, there is still room for work which will result in saving the taxpayers' money, or some of it.

No one knows better than do the officers whose duties involve activities which result in actual expenditure of state funds, just what activities can be curtailed, or just what activities may be suspended or lessened without real loss to the public, so far as carrying out needed functions of any public office may be involved. Those officers may not be able to cut out salaried positions, where both the position itself and the

salary attached to it, is fixed by statute. Those officers have the power to so arrange the business of any office whatever, that the salaried officers and assistants therein, perform all duties of office that is possible of performance by them, and do so without the hiring of extra help, without carrying the names and salary lists for persons who may be once employed to meet an emergency, but with that emergency over, have no real duty or acts of employment to occupy their time.

Control the Use of "Operation" and "Contingent" Funds to Economize

Public officers still have under their control large sums of money appropriated under the heads of "operation" and "contingent" appropriations. The law still vests in them the power to determine the extent of the operations of any office, and to determine and distinguish as between a real contingency and one that is not real. If those officers really consider the necessity for any act, or for any line of action, before it is undertaken. If in that same connection, if they ask the simple question: "is it worth what it will cost?" and if the answer leaves them in doubt those officers still have the discretion for non-action, and thereby have the power to reduce the actual operating and actual "contingent expenses" of every office, to the minimum of an actual expenditure measured by actual requirements and necessities, and by real results to the public benefited.

Experience has shown that it is easier to make expense when the payment of that expense comes from the other fellow's money. The idea of power to expend, coupled with funds to be expended, in every day life, seems to result in actual expenditure of the entire available funds. "Got the money, might as well expend it," is a common expression well known to business men who have employees under them for whom they provide an expense allowance of a fixed amount. Many of those same employers have traveled themselves and know the ins and outs of how such expense accounts are used. They know that many pretexts are found to cover

the actual use of the funds. They know that many dollars are expended which would not be used, and for which the use is not really necessary, and which would not in fact be used if the man expending was using individual funds. It is possible that human nature is the same, whether the man in charge of expense funds is a private employee or a public officer. In either case, it is easier to expend than it is to save, and expense moneys provided in a lump sum.

The illustration above used serves to bring out what is spoken of as a power in the public officers to save the taxpayers' money. Every public officer still has a discretion, and it is an imperative duty at all times, and more imperative than ever in the face of hard times, to so use that discretion that no more is used from public funds, than the same officers would use for their own expenses, if they were themselves facing the bills.

Every public officer, whether state, county or other officer, is put to the test of showing real executive ability in the matter of conserving public funds appropriated for expenditure under his or her supervision and control. The public are necessarily demanding economy. The conditions of private business, private enterprises, and all private activities are such that economy must be practiced wherever possible. Every dollar of expense must earn a hundred percent result or there is extravagance where there should be economy.

The power to save is just as much a power of office, as the power to expend. Between what is actual extravagance, waste and useless expenditure of public money and actual economy in that use of the same class of money, every public officer has an opportunity to exert real powers and real ability.

The officer who fails to exercise every energy, every business ability and every foresight which to him is possible, towards the end of keeping down the expenditures of his office, is failing to do his duty to the public. If an officer fails to save public money, through failure to eliminate unnecessary expenses of office, he is betraying the confidence of the public. That betrayal

is more marked, and will be so at the present time, for the reason that taxes have been raised through the hard work, thrift and energies of the present public, to whom the dollars to pay those taxes have been earned at the ex-

pense of many hours of toil, and by the "sweat of the brow".

Reduce taxes by cutting out demands which have to do with unnecessary public activities. Reduce taxes by elimination of every activity which is obsolete in connection with present day ideas of

good government. The public can aid in the above reductions. Still further reduce taxation by careful, conservative and well considered use of public money. The officers of the public can alone affect this latter reduction.

Economy in the Actual Expenditure of Public Money Will be Real Solution for Lessening Taxes

The general public is looking forward with anticipation to such an effect of the new laws enacted by the special session of the state legislature as will reduce taxes upon the tax rolls for the new fiscal year which begins July first, 1922.

That new legislation is intended to make available for all state purposes all sources of revenue, which is not specifically re-appropriated for some special purpose. Its purpose is to bring into the treasury of the state the balances of old funds which in the past have not been used for some special purpose. To make available also for present purposes, amounts which were raised upon the tax rolls of the past, and which were not expended for purposes of those taxes, within the times provided by law as to that expenditure. There is no doubt all of this will have an immediate temporary effect upon the tax rates for the new year. But the public are looking for continued relief from high tax rates. To obtain that relief which will be one permanent in its nature, is the real question before the taxpayers.

Reduce Total Authorized Expenditures and Taxes Will Decrease

The sum total of all public expenditures, included therein being the totals raised for state purposes, for county purposes, for city and town purposes, and for special school district, and of other special taxing districts of the state, such as irrigation districts, light and power districts and special road districts, is the grand total to be worked upon. That total is the one, which through a process of elimination of unnecessary items of expenditures, a reduction will appear, and with that reduction, the amount of taxes which the public are called upon to contribute, for support of all branches of government of the state, will automatically decrease. The tax rates as established with respect to assessed valuations of property may change through an establishment of different and new valuations for

specific classifications of taxable property. The unit value of articles, classes of property, such as farm property, city and town lots, sheep, horses, livestock, stocks of goods, household goods, and the like may be raised or lowered. With such lowering, the aggregate tax upon that class, or of any such class, will decrease. **However, when a unit value of one class of property is lowered, the owners of that class get temporary relief in reduced taxes, but do so, only at the expense of other classes, where the unit values of those other classes of property either remain unchanged, or are increased.** In other words, changes in assessed valuations of property, only cause the pendulum of amount of taxes paid by particular taxpayers, to swing from one amount to higher amounts, or to lower amounts, and do so without any real relief to the general public as to aggregate of taxes finally collected from the entire taxpaying public. For whether a particular class of property is assessed high or low as compared to its real cash value, and as compared to the values at which other classes of property appear upon the same tax rolls with respect to the real cash values of those other classes of property, the final stopping point in tax rates, is such a rate as will produce the aggregate of all public expenditures to meet which taxes are collected.

If the general public will take a hand and see to it that the aggregate amount which it is proposed to expend, either for state purposes, for county purposes, for city or town purposes and for any other special purpose, is reduced by hewing out, cutting down, and reducing to the bare bone of immediately necessary expenditures, they will have all the relief possible as against unnecessary taxes.

The time is soon approaching when county estimates as to what will be expended for county purposes, will be presented to the public. It has its day for being heard as to those amounts and purposes. If the members of the pub-

lic avail themselves of the opportunity which the present laws afford them. If in each county, in each city and town individuals or organized local economy leagues of taxpayers make it their business to be present with their economy axes to chip out extra items here and there, where such clipping can be done, and the affairs of the county can still be operated efficiently with funds and for purposes remaining in the estimates finally adopted. If that action is taken, it will be a step in the right direction. If the estimates as first proposed contain items for purposes, which can be dispensed with, and such items are eliminated, there will be a corresponding decrease in amount of taxes necessary to pay out the final budget adopted in those estimates.

Taxing Boards Constantly Confronted With Proposal to Expend Money and Need Aid in Finally Determining What Shall Be Expended

All through the year the boards of supervisors, the councils of towns and cities and other taxing boards, have presented to them propositions to be included in the public activities of a new year. Every one of those proposed activities, if so included in and provided for in the proposed estimates, take money. That money must be raised by taxation. The total of all such adopted propositions, added to the current operating expenses of the county, make the aggregate which finally appears upon the tax-rolls. Each such proposition comes from some source and appears to be supported with a semblance of real public need and real necessity. There may be merit in many such claims. Still there must be a limit beyond which the board cannot go, except at the expense of increased tax rates. The time for acting upon proposed estimates arrives. The boards meet. They have before them many new proposals of the kinds above suggested. All the boards can know is that everybody seems to demand something. All demands must

either be allowed or some one will be sore. The boards are left in a maze of uncertainty. Which propositions shall be provided for and which shall be rejected. The boards need help. The law provides for public hearings upon the question of that very help. If the general public fail to appear and fail to use its opportunity to be heard upon what is proposed in estimates, it must take the result of that failure. If the county budget is too large, if no one suggested why it is too large, coupled with any suggestion as to what might be left out, then the public itself must share its portion of the blame for increased taxes, or for failure to reduce taxes by reducing the budget itself.

If the taxpaying public permit county, city, town and special district budgets to become effective, through indifference, through failure to appear and be heard, before those budgets are finally adopted, then that public has failed to do its duty, it has remained silent when it should and could speak.

If the taxpaying public fail to so speak and be heard, then it has no just complaint if taxes are high because the aggregate of the items of estimates in proposed budgets are high. That public has no just cause for complaint when it finds that it is called upon to pay

taxes, high or higher than in previous years, simply because items are provided for in the budget, which could have been eliminated in the interest of economy, or eliminated because the taxpaying public could not afford to presently undertake the purpose of such an item of expenditure.

If local taxes are to be reduced that reduction can only come through reducing the amounts of budgets. **The people of the localities, and of every locality must curtail demands as to public activities requiring tax-raised funds. The people of every locality must see to it that such demands are rejected and culled down to such demands, and to such finally adopted purposes as the entire public is ready to meet when it pays its share of taxes.**

In the interests of economy, the public has in fact two important duties to perform. The first is to curtail demands which require the expenditure of public money to such demands as are really necessary. The second duty is to see to it that no demand for an expenditure is finally included in the budget, except such as are necessary, and confined only to all such demands and no more demands than the whole public can afford to pay for in taxes.

Just as truly as each voter is required to register or be unable to vote, it is

true that unless taxpayers appear and register their objections to every proposed budget, before it is adopted those taxpayers cannot be heard to any effect, if they attempt to register their objections for the first time when they pay their taxes. It is then too late to be heard at all. If they find taxes are too high when they go to pay their taxes they are paying a just penalty for their silence.

Watch the items of expenditure and purposes of expenditures as those items and purposes appear in the published estimates which will soon appear. Do this, Mr. Taxpayer. If you see some item which you think could be left out then go before your board and present your reasons. Have in mind all the time that the aggregate of expenditures as so adopted is the aggregate which must be dealt with, if you want a reduction in your taxes.

Bear in mind, Mr. Taxpayer, that taxes are finally so fixed as to raise the totals of budgets. **That the most effective means of decreasing the rate of tax is through reduction of the total of adopted budgets, by eliminating every item which may be eliminated and leave a county, city or town with funds sufficient to perform its real governmental functions as such.**

SOME IDEA OF WHAT MONEY IS EXPENDED ANNUALLY FOR THE SCHOOLS IN ARIZONA

It has taken some time to figure up from reports from the various counties just how much in the aggregate is expended in Arizona for the support of common schools and high schools. These reports are not readily accessible and while the reports do come in, it is often found that there are omissions therefrom which need to be supplied, and until this is done, it is impossible to give a complete table of costs.

The figures which are given in the tables appearing below show for the year ending June 30, 1921 the figures of daily average attendance in the schools of this state, shows also what the maintenance cost of those schools was, and on the basis of the daily average attendance, the per capita cost per pupil. This is all shown county by county. The first portion of the table, showing the cost of the common or lower grade schools, and the second portion shows the same comparisons, with respect to the high schools of the state.

In point of daily average attendance

of pupils in the schools Maricopa leads in numbers with 13,029 as the daily average attending the common schools of that county. Mohave county is the lowest in that respect with a daily average of 596.

The figures as to "per capita cost" show varying averages and comparisons county by county. While these figures are given as the computations show them to be, it must be remembered that no two schools are operated under the same system as to general supplies, equipment and surroundings except it be in the matter of free text books. That every board of school trustees still employ the teachers and fix their salary. The schools of one district might if taken alone, show a much larger per capita cost than the schools of an immediately neighboring school district. These are matters which persons who favor a more centralized county unit system of schools seek to remedy. They seek to have uniformity to the fullest extent possible, with

schools of a county controlled from county head. Those same persons urge that a centralized purchasing system to buy all supplies for all schools would reduce the cost of necessary school supplies, and would at the same time eliminate "extras" which are now purchased in some districts, and do not always appear to fall in a class of necessities, if strictly educational features connected therewith, are alone considered.

When a look is taken at the daily average attendance in the high schools of the various counties on the face of the figures which show the daily average attendance in those schools, compared with the "per capita" cost per pupil of that attendance, still more differences appear, than appears in the same comparison made with respect to the common schools. Again it might be suggested that if some more uniform system could be established, which would include more uniformity as to the salaries of principals and teachers in

the various high schools of the state. And, if the courses of study therein are not now uniform, and if the increased per capita cost in some schools comes through additional courses not present in other schools, then again the plea for uniformity through centralized control appears to have figures in its support.

The figures show that Arizona supports its schools without apparent stint, so far as funds are concerned. This is apparent from the fact that nearly one hundred dollars per capita for daily attendance in the common schools is expended for support thereof, or, that a daily average attendance of 44,608 caused an expenditure of \$4,448,883.90 for the year covered by the tables. When it also appears that Arizona expends a per capita average of \$225.71

for a daily average attendance of 5,205 in the high schools of the state. Or a yearly total of \$1,174,870.94, for the maintenance of those high schools throughout the state. When the grand aggregate of \$5,623,754.84 appears as the total expenditure for the maintenance of the common schools of the state, which include district schools and high schools distinct from the cost of higher educational institutions of the state, surely the taxpayers of the state are doing their part towards the building up of a school system of which Arizona should be proud.

While considering the matter of school finances, and knowing the Arizona public has been generous, almost to a fault, in willingly contributing to taxes for school and educational pur-

poses, it should not be lost sight of, that any business, whether private or public, the maintenance of which costs between five and six millions of dollars per year, presents real problems for the exercise of real business methods, rules and principles. **Educators for education, practical business men for real business.** If there is any extra cost; if there may be possibilities of reducing the aggregate of expenditures for the maintenance of that entire school system covered by the tables below given, certainly a close application of purely and strictly business methods to the financial end of that system would disclose those possibilities.

Teachers' organizations and others in some of the counties, have heretofore caused surveys to be made, and adopted reports in which it appeared that better accounting systems, more uniformity as to prices paid for general supplies, and in other costs, are among the possibilities as a means of reducing the costs of maintaining the schools. If it is true that such possibilities for economy are present, then it is likewise true that it will remain for the people of the state to mingle business methods for good business management and expenditure of school funds, and do so by placing that portion of school affairs under the control of men who by experience and by training have shown themselves to be successful business men. By so doing, no function of the educational department of schools need be molested, except to the extent of fair co-operation with the business department, which may be established in the interests of real economy. Join the two and let the public of Arizona get full value for each dollar of the five to six millions it spends upon the public school system of the state.

Per Capita Cost Arizona Common Schools Year Ending June 30, 1921

COUNTY	Average Daily Attendance	School Maintenance	Per Capita Cost
Apache	893	\$ 66,987.14	\$ 75.01
Cochise	6,854	808,136.37	117.91
Coconino	944	120,257.85	127.39
Gila	3,789	507,226.46	133.16
Graham	2,224	142,688.47	64.16
Greenlee	2,450	249,242.38	101.73
Maricopa	13,029	1,116,464.10	85.69
Mohave	596	48,664.41	81.65
Navajo	1,592	132,122.90	82.99
Pima	4,180	371,834.39	88.95
Pinal	2,112	226,432.15	107.21
Santa Cruz	1,377	127,395.87	92.56
Yavapai	2,790	413,258.15	148.12
Yuma	1,778	118,173.26	65.72
Total for State	44,608	\$4,448,883.90	\$ 99.73

Per Capita Cost Arizona High Schools Year Ending June 30, 1921

COUNTY	Average Daily Attendance	School Maintenance	Per Capita Cost
Apache			
Cochise	844	\$208,343.85	\$246.85
Coconino	75	25,577.82	341.03
Gila	337	129,371.57	383.89
Graham	89	20,926.79	235.13
Greenlee	203	90,449.63	445.56
Maricopa	2,187	393,774.74	180.05
Mohave	62	15,300.43	246.78
Navajo	131	32,539.19	248.39
Pima	566	71,848.03	126.94
Pinal	147	60,031.85	408.38
Santa Cruz	73	20,000.00	273.97
Yavapai	280	71,427.00	255.09
Yuma	211	35,280.04	167.20
Total for State	5,205	\$1,174,870.94	\$225.71

QUESTIONS AND ANSWERS

Q.—Have the taxpayers any chance to be heard as to the amount of money which shall be raised and collected by taxes for COUNTY PURPOSES, and if so when and where?

A.—The answer to above question is in the affirmative. The time for such hearings commences on the second Monday in August of each year, other details in answer to above question appear in extracts from the law itself, which is given below, and a reading of which will give every taxpayer full information

ARIZONA TAXPAYERS' MAGAZINE

OFFICERS STATE TAXPAYERS' ASSOCIATION
OF ARIZONA

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as to what may be done by him in connection with the above question. The law reads:

"4840. It shall be the duty of the board of supervisors of each county and the city or town council, or other governing body of each incorporated city or town in this state, not less than thirty (30) days prior to the date on which the regular annual tax levy is made, to prepare a statement covering the items and details of purposes of expenditures made for the fiscal year last past and as included in the adopted estimates for expenditures of that year with a statement which will also show contingent claims, encumbrances upon funds, if any, balances of funds, and to be otherwise a full and complete statement of the financial affairs of the previous year; and to connect therewith an estimate of the different amounts which may be required to meet the public expense for the ensuing year, therein fixing amounts proposed for all subjects which are recurring items of expense, with such an amount for contingency or emergency expenses as

may occur, but which cannot be anticipated in advance. The said estimate shall contain a statement of the amount of money required for each item of expenditure necessary for county, city or town purposes, together with the amounts necessary to pay the interest and principal of the county, city or town bonds, as provided by law, and the items and amounts of every special levy by law provided to be assessed, levied and collected upon the tax rolls of each year, and the said estimate shall be entered upon the minutes of the board, council or commission. Such estimates shall be fully itemized, showing under separate heads the amounts proposed as to be required for each department, public office and public official, for each public improvement, for the maintenance of each public building, structure or institution, and for each school, and the salary of each public officer, and shall show amounts proposed for the maintenance of, public highways roads, streets and bridges, and the construction, operation and maintenance of each public utility, and shall contain a full and complete disclosure and statement of the contemplated expenditures for the ensuing year, showing the amount proposed to be expended from each separate fund, and the total amount of proposed public expense, and shall enter the same on the minutes of the board with the estimates of the previous year. Said statement shall also contain a statement of the receipts for the previous year from sources other than direct property taxation and show the amounts actually levied and amounts actually collected for county, city or town purposes upon the tax rolls of the previous fiscal year and shall show the amount proposed to

be raised by taxation upon the real and personal property of such county, city or town, for each purpose for the said ensuing year. The total of amounts in such estimates proposed for expenditure shall not exceed by ten (10) per centum the aggregate of actual expenditures for the previous year exclusive of expenditures for school, bond, special assessment and district levy purposes. The form of such statements shall be furnished by the State Tax Commission, to comply with the requirements of this Act.

"4842. It shall be the duty of board of supervisors, city and town councils, or other governing bodies of incorporated cities and towns to meet one week previous to the day on which they levy taxes, and at the time and place designated in said notice, when and where any taxpayer who may appear shall be heard in favor of or against any proposed expenditure or proposed tax levies. When such hearings shall have been concluded, such board of supervisors, city or town council, or other governing body of incorporated cities and towns, shall adopt the estimate as finally determined upon, and which estimate shall become and be adopted, and no expenditure shall be made for a purpose not included in such budget, and no debt, obligation or liability shall be incurred or created in any year in excess of the amounts specified therein as an amount proposed and finally adopted for each purpose therein named; nor beyond the amounts therein proposed and adopted to be raised by taxation, except when the other sources of revenue have been and are first received by the county, town or city as a means of liquidating such extra obligations and liabilities."

All Highway Funds Provided Through State Taxes Should be Toward the Industrial Development of the State

When the first legislature of this state enacted the first law of the state which provided for a state highway fund, it included therein a controlling provision, that "All highways and bridges improved or maintained under the provisions of this act . . . shall be only for the industrial development of the state. This general provision of the law still remains in effect and still controls the policy of state officials in the matter of expending state road tax funds.

The legislature then appreciated the fact that the public in Arizona needed a system of highways which would become the means of bringing different parts of the state into more closely related industrial and commercial relations through the means of state highways.

Having in mind the announced and fixed purpose of highway construction as applied to state funds, is it not true that the same policy and same purpose should apply to every highway which

may be constructed, whether that new construction be through county highway tax funds, or with funds raised through county bond issues. Is it not true that the real benefits to the taxpayers of this state to be derived through the expenditure of public funds for highways will come through constructing first such roads as will be "through roads" which will afford the means of getting from one commercial center of a county to other similar centers, or will afford the way of bringing producing localities into direct connection with consuming centers? Will it not be true that in the long run taxpayers will reap real profits through such ideas as to what are the roads most necessary, than will be reaped through the construction of criss-cross roads, confined to some favored section or locality of any county.

Will it not be true that real commercial value of highways will follow through such a combination of all road funds as will result in construction of line roads which will link the producing sections of the state, with other portions of the state, whose citizens are consumers of what is produced elsewhere.

If the people of this state are called upon to pay taxes for highway construction; if they are called upon to raise funds through bond issues, upon which a tax burden in the way of interest will continue through a series of years, will it not be good business to see to it that those funds result in an investment which will indirectly be of profit to the whole state, or to the whole county, if such an investment can be made.

Arizona differs from many states in the union as to the diversity of its natural resources, and as to the locations in the state where those natural resources are located. It abounds in minerals and mineral wealth. The payrolls of its mines give support to thousands of its laborers and their families. Yet many of its mining camps are iso-

lated and far distant from other sections of the state where farming, cattle and other food producing industries are possible. The Salt River Valley, the Yuma Valley, the Florence and Casa Grande Valley, and still other localities in the state where, through irrigation, lands are fertile and abundantly productive of the necessities of life, all need the benefits to be derived from a market for what may be produced therein. Production of perishable fruits, vegetables and dairy and other farm products is one thing, the question of a nearby, readily accessible market for that production, is the one thing upon which depends the profit to the producer thereof.

Buy at Home and Furnish a Home Market for Home Products

The commercial organizations of the state have inaugurated a "buy at home" campaign. The fundamental reason of such campaigns is to keep the money circulating at home, i. e. in the city, in the county and in the state itself. Build up the business activities of the state through the barter and sale of what is offered right at home. Patronize your home merchant to that end, is the argument used. The idea of this article is to suggest that the same argument be extended so as to be made to apply not only to trading business as represented by the stores and by merchandising strictly as such, but make it apply to the farmer, the dairyman, the sheepman and the cattleman. Treat every producer as though that producer has something which it is desired to sell as near the source of production as possible. In other words, the good business of the situation requires that the producer who is urged to "buy at home" should be afforded a "sell at home" market for what is produced.

If the question of building up the state is considered purely as a commercial question, then whatever part the construction of good highways may be able to take in the success of the state

through encouragement of production and use of the natural advantages toward production therein must be looked upon purely as a means to a desired end. Viewed from the producers end of the matter, the ability to get to a market where products can be sold, is the vital point. The means of so doing is the first thing to be considered when it is realized that the amounts which can be raised and expended in Arizona for highway construction, are limited to the ability of the people to meet their tax payments.

The nightly "spin" of a joy-riding party over paved roads in and around their immediate neighborhood may be an enjoyable luxury. The business man, the rancher, the farmer, all those who have something to sell, and are looking to a profitable market, would have more real and more profitable enjoyment if they listened to a line of traffic over highways constructed for real commercial purposes, and used as such.

This Magazine does not advocate an excessive use of funds, with an excess thereof to be so considered when other necessary tax funds are also considered and with it all considered in connection with the real ability of the tax-paying public to meet and pay their taxes. It is not advocating an increase in tax-burdens for highway purposes. It is, however, suggesting the idea that such funds as can be used and can be raised, and are in fact raised, can and should be expended for the sole and only purpose of constructing such highways as will quickest and most surely tend to the industrial development of Arizona. The people cannot at this time afford public luxuries. The most they can afford is necessities, towards the development of its natural resources. If it has a dollar which can be expended in such manner, that from such expenditure there will be a dollar earned or saved, then will come the time when there will be more money for similar investment, and which may be so invested without tax strain upon the taxpaying public.

Forty Thousand Dollars a Year for at Least Three Years Saved by Supreme Court Decision

The 1921 legislature passed an act for the relief of private individuals whose lands had been mortgaged to rebuild what is known as the "Lyman Dam". This act called for an appropriation of \$40,000.00 to be raised by state tax upon all the property of the state for the purpose of paying interest upon

those mortgages. This Magazine suggested at the outset of the matter that the law was invalid, and in several articles pointed out why. A suit was instituted by a private taxpayer, this suit was decided against the taxpayer by the Superior Court, but upon appeal to the Supreme Court, that court reversed

the decision of the lower court and declared the act unconstitutional and void. In the meantime \$40,000 had been raised in taxes, that fund is now in the treasury of the state, and will revert to the general fund. In view of the decision, a similar amount, \$40,000.00, will not be raised either in 1922, 1923 or

1924. The legal reasons which appear in the court decision and more of the facts upon which those reasons are founded, appear in extracts from the opinion itself, which are as follows.

The Court says:

"During the years 1914, 1915, 1916, 1917, 1918, 1919 and 1920, the State Treasurer, by and with the approval of the Governor, and the Secretary of State, loaned various sums aggregating \$637,600.00 to various persons under the Lyman Dam Project in Apache county, and took mortgages on such persons' lands situated in said county, as security for such loans. The moneys loaned were the proceeds of sales of institutional lands granted to the Territory of Arizona and to the State by the Federal Government for the common schools and charitable and penal institutions of the State. The loans bear interest at 8% per annum, and on July 1, 1921, there was due to the State about \$30,000.00 in interest. The annual interest for the subsequent years, up to and including 1924, will be about \$38,400.00.

The Fifth Legislature (see Chapter 49, Laws 1921) passed an Act, the title and context of which has to do with the interest on said loans, and as its own language explains quite clearly its purpose, we give it in full:

"AN ACT

"For the relief of Natural Persons owning land in Apache County whose property was damaged or destroyed by floods occasioned by the breaking of the Lyman reservoir, and making an appropriation therefor.

"BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ARIZONA:

"Section 1. That because of the construction company's not completing the Lyman Dam, and the resulting failure to obtain water which has prevented the growing of crops on the Lyman Dam Project during the past five years and which will limit the growing of crops for at least another year, the interest due the State of Arizona on the money loaned for the purpose of erecting said Dam is hereby remitted until the year 1925, as hereinafter provided.

"Section 2. The State Loan Board shall ascertain the amount of interest due on the loan made on the farm lands within the Lyman Dam Project up to the time this act becomes effective and shall make a claim for the amount so determined upon the State Auditor, who will issue his warrant upon the receipt of such claim for a like amount to be credited to the permanent funds in-

vested on such loans. At the end of each calendar year up to and including 1924 the State Loan Board shall ascertain the amount of interest due and if, in their judgment, similar action is necessary, shall have authority to grant the same relief to said mortgagors for the calendar year next preceding.

"Section 3. There is hereby annually appropriated out of the General Fund, a sufficient sum to carry out the provisions of this act.

"Section 4. All acts and parts of acts in conflict with provision of this act are hereby repealed."

(After disposing of points which were raised on appeal, but had no controlling effect in the case, the Court proceeded as below.)

The purpose and intent of chapter 49 being, as we have seen to relieve the mortgagors of land under the Lyman Dam project from ever paying or repaying any sums advanced by the state to care for the interest on their mortgages, it only remains to see, if such a thing may be done without violating the fundamental laws of the state or nation. Without deciding whether it violates the federal constitution, or other provisions of the state constitution as contended by appellant it does, we think it must be conceded that it runs counter to, and in conflict with, Section 7, Article IX of the State Constitution. This section reads as follows:

"Sec. 7. Neither the State, nor any county, city, town, municipality or other subdivision of the State shall ever give or loan its credit in the aid of, or make any donation or grant, by subsidy or otherwise, to any individual, association or corporation, or become a subscriber to, or a shareholder in, any company or corporation or become a joint owner with any person, company or corporation, except as to such ownerships as may accrue to the State by operation or provision of law."

No refinement of reasoning will permit the proposed transaction to pass muster as against this inhibition. When a mortgagee forgives the interest, for no other reason than the inability of the mortgagor to pay it, it is a donation, a pure and simple gratuity, unsupported by any consideration, moral or legal. While the object had in view may be a worthy one, the people, by their constitution have said in language, plain and unmistakable, that the public moneys shall not be appropriated by the legislature for that purpose. This restriction upon the power of the legislature cannot be ignored.

The relinquishment of the interest on

loans of institutional funds cannot be reconciled with Section 2, Article X of the State Constitution, which reads as follows:

"Sec. 2. Disposition of any of said lands, or of any money or thing of value directly or indirectly derived therefrom, for any object other than that for which such particular land (or the lands from which such money or thing of value shall have been derived) were granted or confirmed, or in any manner contrary to the provisions of the said Enabling Act, shall be deemed a breach of trust."

The interest and principal must be used for the specific purpose for which institution lands were granted to the state, or to the territory before it became a state. The legislature would have as much right to appropriate such funds or the interest thereon for road building purposes as it would have to give such funds away. Being convinced that the provisions of Chapter 49 cannot be carried out without violating the two sections of the Constitution above quoted (and perhaps others), we must hold that the judgment of the trial court was in error in refusing to enjoin the defendant's appellees from carrying out the terms of said Chapter.

The judgment of the lower court is reversed and the cause remanded with directions that a permanent injunction and restraining order be issued as in the complaint prayed for."

The persons who will be deprived of the benefit of the law, through the foregoing, may have been unfortunate in having their plans for a completed dam, interfere with their financial arrangements and expectations of returns from the lands, as a means of paying interest and principal of their loans from the state. They should bear in mind, however, that other ranchers and other farmers throughout the state, and in fact nearly every industry of the state during the past two or three years has likewise suffered financial losses and have been disappointed to an extent which makes interest charges on state loans, as well as taxes hard for them to pay. The practical result of law, had it been held valid, was to add to the tax burdens of other citizens of the state, whose tax burdens, through loss and unforeseen circumstances over which they had no control, are already more than they can really afford to pay. Following out this practical result, it will appear to the people of the state at large, that the decision of the Supreme Court is manifestly just, not only from a purely legal, but from a practical view thereof.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

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PHOENIX, ARIZONA, JULY, 1922

NUMBER SEVEN

NO STATE BONDS FOR SPECIAL LOCAL PROJECTS

THE question of a state bond issue of \$2,500,000.00 for a special highway from the Hassayampa river to Ehrenberg, if put to a vote of the general electors of Arizona would result in ignoring the intent of the present constitutional provisions that questions of bond issues shall be voted upon by property taxpayers only.

With a present bonded indebtedness throughout the state including county highway bond issues, of an aggregate

OF OVER \$43,000,000.00

the proposition of bonding the state at all for some local project will not meet with the approval of the people whose ideas that state bond issues, if authorized at all, should be voted only by property owners who will ultimately pay the bonds, and confined to purposes indispensably necessary and of actual benefit to the entire state of Arizona.

EDITORIAL COMMENT

Do the People of Arizona Desire a Road to the Coast to the Extent of \$2,500,000.00 State Bond Issue?

Now that vacation season has arrived in the hotter portions of Arizona, the question of where to go, and how to get there confronts the average prospective vacationist. If we only had a good automobile road to the coast, and we have it not, is the lament of many who pine for the balmy breezes of the Pacific as a relief from the desert blasts of Arizona. Anything for relief anything to make the way to relief easy, that is the state of mind of many citizens of Arizona at the present time. Consequently, when the average citizen is confronted with a proposed initiative measure and asked the question: "ARE YOU IN FAVOR OF A GOOD ROAD TO CALIFORNIA, IF SO SIGN THIS?" the average citizen is in the mood to sign, and to do so without more inquisitiveness than embodied in the question asked. The above is a fair statement of just how an initiative petition, which involves an amendment to the state constitution, permitting a special state bond issue for a special highway to be constructed from the Hassayampa River below Buckeye, through the intervening desert direct to Ehrenburg, for a ferry passage over the Colorado River and thence to Los Angeles. The main question asked of the people in fact conceals the real result which the signing of such a petition will produce.

The Question of a Paved Highway to California Involves the Adoption of a Route Which Will Not Be a Duplication

Of course the people of Arizona desire a paved highway to the coast. That question has been settled in the minds of the public for several years. The question of the route of that highway has never been settled.

Of course the people desire a paved road to California. There is no question about the commercial, nor about the pleasure seeking benefits and advantages of such a highway as a main and general proposition. There is, however, a grave question as to whether under present conditions the people really desire any particular route for such a highway, desire it to the extent of bonding the state for \$2,500,000.00; desire it to

the extent of assuming the increased tax burden to result from such a bond issue; or desire it to the exclusion of other routes which are nearly completed, and which already carry their own burden of taxes, due to direct taxes for state highway funds, due to interest on portions of county highway bonds issued with funds made available for other routes, and due to the further fact that at least one of such other routes is already about completed, with the completion thereof assured long prior to any completion of a new route with funds to be derived from the proposed state bond issue of \$2,500,000.00.

No Necessity for a Bond Issue. A Feasible Route to the Coast is Nearly Completed and Practically Funded Without More Bond Issues

The real question involved in the promoted proposition for an amendment to the state constitution that \$2,500,000.00 of state bonds be issued for a particular route laid out by the promoters of that initiative measure, is a question of necessity. If the people of Arizona can have a direct route to the coast, paved all the way, without additional bond issue to obtain such a highway, then there is absolutely no necessity for the proposed bond issue. Assuming in the statement that the readers will assume that the financial conditions of the present are such that the credit of the state should not be pledged for funds to meet the demands of pleasure seekers alone, when those same demands can be partially satisfied in connection with highways which will be of more practical benefit, of more actual commercial value to greater numbers of the workers and toilers in Arizona, than would be the value of what is proposed.

Let us consider the situation. The county of Yuma has voted and sold its bonds and already raised funds with which to extend the paved roads of that county towards the county line of Maricopa County. Maricopa in turn has bonded and already constructed a highway to the Hassayampa river. It is a known fact that from a total bond is-

sue of \$8,500,000.00 for a Maricopa county highway system there will remain between \$700,000.00 and \$800,000.00, not required to complete the system. Tentative arrangements are already made through which portions of that balance can and will be used to extend the system towards Yuma county. Assurances have already been given state officials that a large amount of federal aid funds will also be available for furthering that same line towards Yuma county and beyond to connect up with the Yuma system. At present only sixty miles of a complete system of paved highways from Phoenix to the bridge at the state line between California and Arizona, at Yuma city, is not actually funded, with, as stated above, money in sight to finish that sixty mile link.

Complete the Road Via Yuma and Will Directly Benefit Many Citizens and Eliminate Necessity For Additional Appropriation for a Bridge at Ehrenburg

A completed line of highway from Phoenix to Yuma will open up communications between Phoenix and the Gila River project; will open up communications between Phoenix and the Gadsden district; will open up communications between Phoenix and the government reclamation project around Yuma. Will open up a way for the mining district around Ajo to get to the state capitol. Will in fact become of direct benefit to thousands of residents, homebuilders and business men along its line. On the other hand, when the proposed highway leaves the Hassayampa river, it strikes through an uninhabited desolate waste of desert country for a hundred mile stretch until it reaches the Colorado river at Ehrenburg. Complete the hundred odd miles with a bond issue, and there yet remains the problem of crossing the river. It is a well known fact that a ferry at that point has been an uncertain quantity. And the question of bridge at Ehrenburg becomes at once a question of still further legislative action and legislative appropriation, and

in addition to the proposed \$2,500,000.00 state bond issue.

Let Arizona Advertise Her Own Resources to the Fullest Extent By Building a Tourist Road Which Shows Those Resources

When Phoenix is mentioned as a touring point, that mention makes it a unit or a common starting point, from which to view the advantages of a touring highway to California. The commercial value to Arizona of the tourist visitors lies not alone in what those tourists expend en route, but in what they see. The advertising value far exceeds the direct expenditure of tourists through Arizona. Starting from Phoenix, the tourist is wonder stricken with the result of the Roosevelt dam. After traversing miles of hills and desert that tourist sees and realizes a perfect oasis of development in the surrounding confines of an arid desert. He sees the possibilities of development, and the actual results of real attempts made and completed. Let the same tourist follow along a line of other actual development enterprises until he leaves the state of Arizona. Let him see all there is to see which may appeal to his ideas of commercial possibilities. That seeing will lead to possible investments in Arizona, and with that investment, will come new citizens, new homebuilders, and more people directly interested in the possibilities of the future in Arizona. Whisk that same tourist along a paved

highway over miles of desert into California, and what will he say of his trip. He will know nothing of other reclamation projects, he will know nothing of mining possibilities, he will leave the Salt River Valley with the idea that all reclamation development of the state is there confined. If the tourist is looking for an investment, if he finds nothing in the Salt River Valley which meets his taste, then it is not good advertising to pass him along to the hands of the adroit promoters from the Colorado river to Los Angeles, if Arizona ever expects to see that tourist as an investor or settler. Good salesmanship involves showing a prospective customer, all that the store affords. Arizona is catering to the tourist as a means of furthering the development of the state. To do this successfully, it must place itself in the position of "showing all it has to offer". Build the highways which will present to the tourist everything that is ready for development, before sending that tourist to our next door competitor for that same tourist's trade and money.

Our state must look out for itself. If it can see future commercial profits to be derived from a highway either to one point or the other, the real question to be considered is which route will benefit Arizona the quickest, and which will be to its permanent advantage. The commercial relations between Mexico and southern Arizona are becoming more and more stabilized. Will a paved

highway running near the border aid in reaping the profit to Arizona from such relations?

The Magazine cannot enlarge upon the entire question. It can not in this article exhaust the subject. It can only suggest that its readers consider the whole situation surrounding all sides of the proposed initiative measure to propose a state bond issue of \$2,500,000.00, before signing such a petition, and if already signed, consider those suggestions before voting for it. Do not sign, and do not vote affirmatively, under the assumption that by so doing, there exists no other way of having a highway to California, except through the success of such a measure. Investigate the matter and finally so act as to promote your own interests as a citizen and taxpayer of Arizona, before blindly following the lead of promoters of a bond issue, who present the matter in a more or less deceiving way, by not presenting it all. Grind your own axe, and do not become the tool with which to grind the axe of the other fellow, unless you are fully convinced that such particular axe should be ground at your expense.

The total bonded debt of the State, its counties and cities, amounts to \$43,296,294.81. If that amount is to be increased, that increase should be made only for something really necessary, for something not duplicating and with an idea of ultimate benefit to all the people of the whole state.

As a Step Towards Economy Every School District Board Should Exclude all Extras From Their Estimates of Requirements for Maintenance of Schools

The time is at hand when the county estimates for all high school and common school maintenance is being made up in all the counties. County tax levies will be made to raise enough money when added to the state tax per capita levy, will in the aggregate be sufficient to properly maintain the schools for a new fiscal year beginning July first 1922 and ending June 30, 1923.

The initial suggestions for all such appropriations, starts with the individual school district, as proposed by the district boards. The items of the budget are items made up of what, to the ideas of each individual school district board, are to be needed to properly maintain the schools. In the absence of a uniform schedule of what is to be included in "school maintenance", there is room for as many different ideas as to what

is to be included in such a schedule, as there are differing ideas among the hundreds of different district boards in the state. There is the common problem of amount necessary for salaries of teachers, and even as to this, the figures taken from reports of previous years, show that there is no real standard of salaries paid throughout the schools of the state. The law on the subject is couched in words: "salaries shall not be less than", with no limit to the amount of salaries which can be paid. So also with the totals of apportionment to district schools. The county superintendent of schools is required to apportion not less than forty-five dollars nor more than eighty dollars per capita based upon multiples of the daily average attendance of the common and high schools of the county, other than

one room and two room schools, using therein the daily average attendance for the six months of the previous year, showing the highest average. For one room schools, an apportionment of not less than fifteen hundred dollars per year, and in two room schools, an apportionment of not less than three thousand dollars per year shall be made. Thus the matter of minimum is fixed, but the matter of maximum amount is left open to the discretion of the school boards. It is to be urged that every local board will see to it that the estimates submitted to the county school superintendent will be within the limits of the utmost economy. Poorly paid teachers is not real economy. But when it comes to making provisions for other items of maintenance, such as supplies,

Continued on Page Five

Delinquent Tax Statement for Year 1921-22

From reports made by the treasurers of the different counties of the state to the state treasurer, and from figures compiled in the office of the latter, it is possible to give a table showing approximately just how much of the aggregate amount of taxes appearing upon the tax rolls for the year beginning July first, 1921, and ending June thirtieth, 1922, is unpaid.

A table showing that compilation is appended to this article, the table shows county by county the amounts levied for state purposes in each county; shows how much of the state taxes have been paid; shows how much is delinquent, and the per centage of such delinquency.

The aggregate tax levy for all state purposes made for the year referred to was \$6,062,916.98; of that amount \$5,402,600.69 has been paid in, leaving a balance of \$660,316.29 still unpaid and delinquent. The average per centage of unpaid taxes for the whole state is 10.9. Meaning that out of every hundred dollars of taxes levied in the state for state purposes, there remains ten

dollars and ninety cents still unpaid.

The aggregate of tax levies in all the counties, made for general county purposes, for schools and for highways, reached the sum of \$6,894,897.48 for the year. This aggregate does not include special levies also appearing upon the county rolls, and which were also levied for special school district funds, for special highway district funds, for irrigation district purposes, and other similar special district purposes. Of the total referred to above, there has been paid the sum of \$5,990,677.95; there remains unpaid and delinquent the sum of \$904,219.53. On an average throughout the state, thirteen dollars and eleven cents out of every hundred dollars of taxes levied for general county purposes remains delinquent and unpaid.

Out of a total tax levy for state and for general county purposes of \$12,957,814.46, there remains delinquent \$1,645,535.82.

While it may be stated that the delinquency for the year referred to shows a slight decrease in percentage as compared with the delinquencies of the pre-

vious year, the figures shown call for calm consideration, and for careful investigation as to why those delinquencies still continue. If for any reason connected with the agricultural and farming localities of Arizona, there exists an economic cause leading to the large percentage of delinquency appearing as for counties in which the farming and agricultural interests stand as the main support thereof, then the solution to that economic reason should be the prime purpose of all civic bodies, having for the ostensible purposes of their organizations the permanent prosperity of their respective communities.

If the large per centage of delinquencies as shown by the tables as to individual counties, arises through the large amount of interest charges upon bond issues of those counties, then attention should be given to relieving the present overburdened community effected by those bond issues, rather than promoting still more public purposes, which will add still more to the present burden.

Without going at length in details as

DELINQUENT TAX STATEMENT FOR THE FISCAL

Delinquent State Taxes

County	Amount of State Levy	Amount Paid	Amount Delinquent	Percentage Delinquent	Amount of County Levy
Apache	\$ 66,678.14	\$ 60,194.90	\$ 6,483.24	10. %	\$ 170,805.67
Cochise	1,140,683.98	1,093,924.75	46,759.23	4. %	859,419.44
Cocónino	153,351.98	144,493.97	8,858.01	6. %	323,992.83
Gila	1,065,616.22	1,036,413.36	29,202.86	2.7%	713,816.87
Graham	98,456.56	71,488.03	26,968.53	27.5%	148,359.22
Greenlee	259,170.08	240,436.82	18,733.26	7. %	365,678.33
Maricopa	947,844.22	662,615.08	285,229.14	30. %	1,314,647.01
Mohave	167,358.98	152,089.78	15,269.20	9. %	307,206.90
Navajo	88,663.38	75,740.66	12,922.72	14.5%	217,407.47
Pima	447,594.96	411,295.59	36,299.37	8. %	686,721.06
Pinal	477,478.54	431,173.28	46,305.26	9.7%	477,563.57
Santa Cruz	95,045.96	64,636.57	30,409.39	32. %	213,267.52
Yavapai	893,229.30	829,317.23	63,912.07	7.5%	741,502.68
Yuma	161,744.68	128,780.67	32,964.01	20.5%	354,508.91
TOTAL	\$6,062,916.98	\$5,402,600.69	\$660,316.29	20.5%	\$6,894,897.48

connected with the figures of delinquencies, the suggestion may be advanced, and advanced in connection with individual counties, that the figures do show that the largest per centages of delinquencies do appear where there is also the largest numbers of individual taxpayers. The inability to pay taxes in those cases seems to be a general inability rather than an individual one confined to particular taxpayers. If the above is true, then the public is confronting a general condition, one for solution as a whole, that such condition may be removed, or at least bettered.

Boost, boom and build up at public expense may under certain conditions be proper slogans for advancing the progress of a community or of a state. But to boost, boom and promote new state activities to the extent of "breaking" considerable communities of the taxpayers of the state is another proposition. Under present conditions, boosting and booming for economy until such time arrives, when a more normal economic condition has been created, will in the long run bring about a more permanent prosperity of the people of the state, with its result in a consequent permanent development of the resources of the state itself.

The tables and figures referred to in this article are as follows:

1921-1922

County Taxes

	Amount Delinquent	Percentage Delinquent
10	\$ 17,080.57	10. %
66	34,376.78	4. %
26	19,439.57	6. %
81	19,273.06	2.7%
43	40,798.79	27.5%
85	25,597.48	7. %
91	394,394.10	30. %
28	27,648.62	9. %
39	31,424.08	14.5%
38	54,937.68	8. %
90	46,323.67	9.7%
91	68,245.61	32. %
49	51,905.19	7. %
58	72,674.33	20.5%
95	\$904,219.53	13.11%

As a Step Towards Economy

Continued from Page Three

paraphernalia, and other items of equipment for use in the schools, there is certainly room for the exercise of an economical discretion. It is known that new ideas are coming forward almost daily. New styles of equipment, new styles of this and that and the other thing. School boards are being constantly importuned to discard the old and install the new. To do this involves additional amounts in the yearly estimates for district school purposes. What is discarded is a total loss to the district. The question should arise, can the district afford to discard the old and install the new? Or, a similar question arises, of whether or not, the old equipment will suffice for another year, or still more years, without in the least impairing the real educational efficiency of the school. To illustrate, in home life, a person can enjoy a well cooked meal, regardless of the chair upon which that person sits, regardless of the table upon which it is served, and regardless of the other appointments through which it is served. If the appetite is there, if the tempting viands are there, hunger is satisfied to the fullest extent. When the family larder needs replenishing; when it is hard for the head of the family to earn enough to replenish it, the idea of new household furnishings and new equipment, is quite naturally put out of mind, until the time is more propitious. If the whole community which comprises a school district, is forced to practice economy in their individual affairs, the Magazine suggests that it is incumbent upon school boards to practice similar economy, by confining its estimates of expenditures to actual necessities, and to do so by making the best of what is present, rather than giving way to desires for something new, when those desires are born through the persuasions of glib-tongued salesmen of the new, rather than from the fact that the old will not in fact still serve the same useful purpose as the new.

If Estimates Are High Taxes Are High

In connection with taxes for common school purposes, as well as in connection with taxes for any other public purpose, those taxes are high or low, accordingly as the items of amounts for purposes of expenditure are high or low. The aggregate of all items becomes an amount which fixes the tax rate. If the people demand luxurious appointments in the common schools; if they insist upon keeping abreast of the times in the purchase of everything new that the

market affords, if the public insists upon carrying out the idea that: "we want our children to have the very best" and doing so regardless of consequences, and regardless of general financial conditions of the community itself, then there can be no economy which will result in lessening tax rates for school purposes. The financial ability of any school district can be no greater than the aggregate of the financial conditions of the individuals who must support that district. If the individuals taken as an average of financial ability cannot in private life afford the same scale as is attempted in connection with public affairs of their community, then it must be true that the public is attempting too expensive a plan for its activities in schools as well as in other public affairs.

The public of Arizona must face the real situation. The delinquent tax figures, the fact that the state has been forced to issue tax-anticipatory bonds; the fact that thousands of dollars of warrants issued by the counties cannot be presently paid, all presents the real situation. Arizona is facing a tax rate for all purposes, beyond the present ability of its citizens to pay those taxes. The earning power of its citizens is decreasing, while the amount of annual expenditures for all public purposes is increasing.

Let the Schools Come Back to Elementary Principles, of Thrift As An Educational Feature

It seems to behoove our people to go back a little into the practices of our forefathers. It will not be amiss to study their precepts, examples and principles of thrift. Pay as you go. Keep out of debt. Save what can be saved, after the necessities of life have been provided for. These are axioms of truth, which framed the foundation of our country, and its start to prosperity and strength as a nation. These are axioms which, rather than being discarded in connection with our educational system, should be impressed upon the minds of the growing youth. And it is along the lines of bringing such ideas of thrift and economy into direct consideration in connection with schools, and estimates for the maintenance thereof, that the lines of this article are written.

Confine Estimates to Actual Necessities Regardless of Where the Money Comes From

The amounts which will go to school districts from the state common school tax, should be fully appreciated, and as fully deducted from the total estimates

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Economy

(Continued from Page Five)

made for each school district. That total estimate should in turn comprise no more than is absolutely required to maintain the educational end of the schools of each district. All ideas along the line that the state funds are "velvet", and as such can be used, with an additional county tax to cover the full amount of school maintenance, or with extra items for maintenance added for no other reason than the state distribution will pay for them, should be rigidly abandoned. Regardless of where the funds come from, whether from state tax, or from county tax, or special district levy, the aggregate of estimates for school purposes should be such an aggregate as includes only real and indispensable necessities. Otherwise the taxpaying public can expect no deduction in the amount of their taxes. School district boards, in common with all other boards and bodies, which have to do with fixing the amounts of expenditures owe a duty to the public to practice as much economy as possible in making up their annual estimates for the ensu-

The Pendulum of Price and Values as Effecting the
Burden of Taxation

The people as a whole will undoubtedly welcome the fact that the sales prices of commodities is decreasing. Certainly that portion of the public which is referred to as the consuming public will look forward to a lessened cost of and for the necessities of life. As the consuming public look forward to a lessened cost to it for what must be purchased, the producing public are devising ways and means through which the cost of production can be lessened.

The consuming public can hardly expect that lower prices will come for what they must buy, unless there can be found some means to reduce the actual cost of production. If an attempt is made to reduce the cost of production by any means directed towards the earning power of consumers, the final result is that while things may be cheaper, the earning power of the consumer is lessened, and the consuming public have less money to buy with, and the pendulum as between the consuming public and the producing public has struck its level and to all intents and purposes the real situation remains where it started. But as it is no part of the province of this Magazine to enter into a discussion of such a far-reaching question as would be involved in any possible relation between the earning power of consumers and the high cost of production, nor to enter into any discussion of any of the many ramifications of that question into its final effect upon the industrial condition of the business of the world, the nation, or the State of Arizona, the Magazine is ready with its "axe" to chip into the main question of lessened cost of production, and lessened cost of living to the consumer, by bringing forward its favorite theme of economy. That theme when applied to the questions above referred to means no more than suggesting that the whole public, both consumers and producers can meet on a common ground. Can meet and can co-operate upon that common ground without one class in the least approaching the field of operation, with ideas antagonistic to the other. That common ground for action lies in a united effort to first reduce the expenses of operation, direct all possible efforts towards reducing what is usually referred to as "overhead" expenses of business of all industrial activities, and extend the investigations from that common ground, to

an investigation of all unnecessary overhead in the conduct of public business.

The Question of Public Expenditures
And Reduced Taxes Is a Question
Of Common Interest to Consumers and Producers

The Magazine asserts that public business is everybody's business. The government of the nation, of the states, of the counties, and cities, is or should be the common business of every individual. In that business there should be no divisions of the public into classes. The business man of the cities, the farmers as business men, the wage-earners connected with either the activities in towns or in the county, the professional men, are all equally interested, all equal partners in the success of governmental activities, and all being equally interested therein, are likewise equally interested in watching the "overhead" of that public business for ways in which that overhead may be decreased. If the business man must find ways to reduce the expenses of his business the wage-earner must find ways to reduce the living expenses of himself and his family. If both in their private affairs are forced to act along the same lines of economy in their respective private affairs, and are forced to do same for reason of general conditions affecting the finances of the whole public, then the Magazine suggests, that both and all should and must unite in a common, in a mutual, and in an earnest unselfish attempt to reduce the expenses of public business.

Taxes levied upon property, taxes levied upon business, taxes whether direct or indirect, are high or low, according to whether or not the cost of conducting public activities are high or low.

Taxes become part of the overhead expenses of every private enterprise and of every private business. As such the final net amount of taxes which appears in that overhead must be paid. The private business man may be forced to decrease the number upon his payroll; he may even feel called upon to decrease the salaries of those who still remain employed. But as to taxes, the business man is helpless. The amount of taxes when once levied to meet required expenditures incident to the current conduct of the government of the city, of the county, of the state, in

which he does business, are inflexible amounts, amounts fixed and immutable. However much the business man may reduce other items which are included in the aggregate overhead of his business, the item of taxes in that aggregate is entirely beyond his control when once levied.

The Consumer Pays the Taxes Upon Production. Reduce the Taxes And the Consumer Is Immediately Benefited

The consuming public must and does pay the tax. That tax, and all public taxes, whether direct or indirect, whether upon property offered for consumption, or taxes upon the income of a private business, are burdens which the equalizing pendulum of economic conditions spreads over the entire public. If private business thrives and prospers then the expenses of the conduct of that business must be added to the final cost which the consuming public pays for what its members consume. In its final analysis the problem brings itself right back to the common interest which each and every member of the entire public has in enforcing economy in the matter of public activities undertaken at public expense; and in reducing to the minimum the cost of performing such activities as all agree upon as being indispensable to an efficient government.

Having suggested a common ground for action, this article would not be complete unless it contained some suggestions as to the business of the meeting of the entire public in that common ground. So here are some suggestions for possible action. **The time for concerted action is before and not after any proposed public project is adopted as such. Once adopted the cost thereof follows into the amount of taxes to be met, so met as a common burden upon the whole public, as surely as night follows day.** If a new public project can not be undertaken without such a strain upon private business as that strain is reflected in the aggregate of overhead

of that business in the item of taxes included therein, that its inclusion will force the person immediately paying the tax to look to possible retrenchment in matters purely private, such as lessened purchases for necessities of life, or such as reduced numbers of employees or reduced salaries and wages, then the Magazine suggests that the public had better to do with what it has in the way of activities, in the way of public projects, rather than add thereto. This Magazine suggests that the whole public, meeting upon the common ground suggested, individually and collectively scrutinize each and every proposed idea, proposed as a public project, and with that scrutiny ascertain whether what is proposed is really for the benefit of the whole public, or would, if undertaken, be primarily to the benefit of some few active members of the public who would grind their own axes at public expense, or feather their own nests thereby, regardless of final tax burdens upon the whole public at large. The Magazine suggests that under present financial conditions the taxpaying public is in no condition to even consider as possible projects, anything which to the private members of the same public would be classed as speculative, doubtful of success, or impractical for reason of first cost as compared with final results.

The Magazine Does Not Favor Retrenchment to the Extent of Stagnation, But Does Favor It To The Extent of Strict Economy

The Magazine does not wish to be understood that it favors any policy of retrenchment which would savor of stagnation. It is trying to suggest such a course of action through the concerted action of the entire public that public tax burdens will not be increased to such an extent that the laboring man must wear his old clothes longer that he may pay the taxes upon his home, or that so-called "capital" must feel called upon to retrench in numbers of

employees or in salaries and wages, that it in turn can respond to demands on account of public taxes of all kinds.

This Magazine suggests striking at the root of the growing overhead in public expenditures, and using a united effort towards pruning out everything which can be eliminated and discarded, as the first effort towards equalizing and reducing the cost of production, that the cost of living may be reduced for the benefit of each and every member of the public.

Finally upon the subject under discussion, the Magazine suggests that the question of public economy is a question which can be dealt with, which should be dealt with, that the pendulum which marks the comparative costs as between past costs, present costs and future costs, be brought to the lowest possible mark. That action along that line of reduced expenditures and enforced public economy, is the first element to be considered and the first thing to be acted upon as a means of restoring economic conditions to what is more normal than present conditions. All suggested as a line of action for immediate relief to the entire public. All suggested as action which can be taken without entering into any of the questions first referred to in this article. All for the purpose of stabilizing the present relations as between the producer and the consumer, by doing all that may be done without forcing the pendulum to one side or the other as between the two.

By concentrated effort along lines towards public economy, the entire public can, if it will, relieve any apparent necessity for private retrenchment which will re-act to the detriment of individuals. It can if it will cut out millions of dollars from present public budgets, and by so doing will reduce the strain upon thousands of private enterprises, which at present exists for reason of excessive costs in the administration and support of governmental activities and of government itself.

Fluctuations in General Values of Property and Earning Capacity of Individuals In Its Relation to Public Expenses and Taxes

The unflinching rule of supply and demand works its way into nearly everything connected with prices, values and earning power. It is the rule which as the years go by levels and brings to a basis of equality every activity connect-

ed with all industrial business of the world. When that rule has worked itself out, history has shown that the costs of living are either high or low during temporary periods of the world's progress; has shown that with proper-

ty values developed to a certain standard, there has come about, sooner or later a corresponding increase in the earning power of individuals, that they in turn may live through their own industry directed into whatever channels

may be selected as their daily walks and avocations of life. In private affairs, things equalize themselves in time, even though that equalization may work out slowly, and with possible features of seeming hardship in the process of so doing.

Matters of Public Expense Remain Fixed Regardless of Changes in Private Affairs

But when matters of public expense are considered, those expenses seem to be more or less immune from the operation of the general law of averages which do apply to and control all private business relations. That immunity is the result of and comes from many causes. For instance, when times are good; when the average citizen is so busy with personal affairs and personal undertakings, there seems to follow a desire of the public to engage in extensive plans for public activities of all kinds. The promotions of those plans is an easy matter, when the minds of citizens are so engrossed in making money for themselves, and actually doing it, as to be indifferent upon the subject of how much they may be called upon to contribute to maintenance of funds in the public treasuries. With those extensive plans once undertaken by the public, it seems to be an infallible rule that none are ever abandoned. It seems to make no particular difference whether times are what may be called "good" or what may be called "bad", as spoken of in common language and as applied to general business conditions as those conditions exist from time to time, the adopted plans, projects and undertakings of the public, are carried out to the end. That end is sought for and reached, without regard to the financial conditions of the individuals of the public itself upon whom rests the burden of making contributions in taxes of some kind, to defray the entire expense of that public accomplishment. To make the point more clear. In private affairs, individuals can curtail their operation expenses, can economize when required, and by so doing keep pace in a measure with the requirements brought about while private economic relations are adjusting themselves to a different level. But in public affairs, a level once established is maintained, and so maintained beyond the power of individuals to change that level.

The Demands for Tax Reductions Can Be Satisfied Only to a Limited Extent, Due to Fixed Burdens Permanently Established

Individuals, civic bodies, and at times a majority of the people, demand a reduction in the cost of public operations. At times it becomes very apparent that the cost of government is all out of keeping with the ability of the general public to bear that cost. Yet when the time comes for actual reductions in costs, the field of operation for effecting those actual reductions is found to be quite limited.

It is one thing for the general public to arise and demand that taxes be reduced, it is quite another thing for that same public to point out the particular places in connection with established governmental functions, where items of reduction can be made. When the field is canvassed with a view of public economy, it is found that certain activities have been established; that each such activity entails its own particular cost. It is found also, that the matter of salaries, the numbers of department heads, and the numbers of subordinates in departments, are matters quite generally firmly fixed through legislative provisions. When so fixed, the public cannot change any of those features, except through new legislative action upon the same subjects. It is also found that certain permanent burdens have been created through public bond issues. The credit of the public has been pledged for purposes and projects, the cost of which has exceeded what could be raised by current tax levies. That credit must be maintained. There is only one way in which it can be maintained, and that is through prompt payment of interest upon every public bond issue, and final payment of the bonds. When ways and means through which the public may reduce the amount of taxes are being considered, the question of the interest which must be paid upon authorized bond issues, and the question of finally paying the principal of all such bonds, are questions which stand permanently in the way of any action towards reduction. The amounts of interest, the amounts of principal of bonds, are permanent items in the aggregate of taxes, and are items over which the public has no control, when the bonds are once authorized and issued.

If the question of reducing taxes assumes the form of an attempt to find more taxable property, place it upon

the tax-rolls, and by so doing spread the burden of taxes over a wider field, then it is found that the holders of public bonds are receivers of public money, but are not, so far as the value of those bonds, contributors to the costs of maintaining the cost of public activities. There exists in Arizona, a public bonded indebtedness of over \$43,000,000.00. The holders of those bonds do not pay a cent into the public treasuries of the state on account of the value of those bonds. Bonds of that kind are not taxed.

Some Suggestions As To Means of Decreasing Costs of Government

In general it may be said, that the avenues through which there may come any reduction of public burdens are limited in number. The first avenue towards such a reduction seems to be that of holding the aggregate right where it is at present, the public can do this through a united refusal to increase the bonded indebtedness of the public. Another avenue towards public economy is through a reduction in the number of demands as to new public projects and undertakings, which require specific appropriations to be paid through taxation. Still another avenue, one which is longer between its beginning and its end, is a process of revision of combinations and elimination as connected with present and established and existing public undertakings. That avenue towards economy would mean such a revision as tended towards a re-established simplicity in the mode of government, simplicity in the manner of performing necessary public functions, and thus become the means of reducing costs of government itself. There is always present the matter of elimination of public waste and public extravagance. No matter how many other avenues may be opened or closed as a means of reducing public expense, the question of possible waste and possible extravagance is present in all that remains.

Going back to the subject which is suggested in the head of this article, it may be said, if every individual took the same keen interest in making the plans of public affairs and the costs thereof, follow the same rules as that individual uses in private undertakings, the public as a whole would soon find and construct some avenue of escape from the present high costs of maintaining government.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, AUGUST, 1922

NUMBER EIGHT

FIGURES from compilations made by State Tax Commission, showing the assessed valuation of taxable property and rates which general classes thereof bear to the total taxable property in Arizona, and also showing the percentage proportion of state and county taxes which will be paid by each class for the year 1922:

Telephone and Telegraph Companies	\$4,083,844.00 .....	.56%
Water Works, Street Railways, Gas and Electric Plants	\$9,213,776.00	1.18%
Banks	\$9,412,268.00	1.29%
Motor Vehicles	\$12,535,710.00	1.71%
All Other Property	\$17,256,251.00	2.03%
Merchandise	\$21,846,034.00	2.98%
Live Stock	\$27,552,587.00	3.76%
Lands and Improvements	\$86,323,456.00	11.68%
City and Town Lots and Improvements	\$93,641,972.00	12.12%
Railroads	\$100,427,627.00	13.72%
Mining Property, including Smelter, Concentrators, etc	\$358,536,358.00	48.97%
\$740,829,883.00		100.00%

(Total Assessed Valuations, with Exemptions Deducted, \$732,021,286.00)

EDITORIAL COMMENT

THE REAL EFFECT OF ASSESSED VALUATIONS UPON TAX RATES

When the taxpayer goes to the county treasurer and pays the taxes which are assessed against his property he is interested in the aggregate which he pays, rather than in the aggregate tax rate for state purposes, added to county rates, and added to such special taxes as may be levied against the particular property upon which an assessment is made.

The taxpayer may look into the matter of the assessed valuation of his neighbor's property and find that the proportion of value of that property is not inequal when the real value of both parcels are considered. If that same taxpayer is familiar with the real values of all classes of property appearing upon the assessment rolls, and examines the figures appearing upon the rolls as against each such class of property, it would be found that the same relative equality of value was used in making all assessments upon all classes of property. There is no serious question upon the point that the assessing officers in Arizona try to do their work conscientiously and well. There may at all times exist an honest difference of opinion as to what any piece of property is actually worth. The whole system of barter, trade, sale and exchange of property is based upon that very difference of opinion. But, in the main, the values as they appear upon the tax-rolls for tax levy purposes are fair values, are assessment values arrived at with no intent upon the part of assessing officers to discriminate as to values between individual taxpayers, paying taxes upon similar kinds of property, nor any attempt to discriminate for or against one class of property as compared with another class. It may truly be said that just as long as taxes are levied at certain rates upon the hundred dollars of assessed valuations of property upon tax rolls, just so long there may exist the feeling of possible existence of some discrimination in fixing those values, and it may be just as truly said, that so long as the present system of taxation exists, assessing officers will be but human in their judgment of values, and that claims as to discriminations in the fixing of values for taxation purposes are real-

ly unfounded, but result solely from those differences of opinion as to what the real cash value of each piece of property is in truth and in fact.

While Taxes Are Levied Upon Assessed Values of Property, Expenditures and Not Tax Rates Control the Question of Tax Burdens

Until the wisdom of man worked out through more years of experience in tax problems, can devise a more equitable method of levying taxes than now exists, taxpayers are confronting a situation which cannot be changed. The assessed values of property will still become a fixed amount, as to which the rates of tax levies will fluctuate up or down according to one other element in the problem of taxation. That element is singly and solely the aggregate amount of money to be raised to meet governmental requirements through direct tax levies. If governmental expenditures increase, then the burden of every taxpayer is increased proportionately. If for any reason the aggregate of valuations of property upon the tax-rolls is greater in one year than it was in another year. Or, if for any reason the aggregate of valuations of all property upon the tax-rolls is less one year than another, the tax rate may vary up or down, but the amount of taxes paid by each taxpayer varies only in the proportion that the aggregate of money to be raised by direct taxes varies in amount up or down.

Stating the matter in another way. Assuming that assessing officers have conscientiously listed all property, of every class, nature, and kind upon the several tax-rolls of the state, in an honest effort to place real cash values thereon. Then each taxpayer starts from an equal place. Then the aggregate of his taxes, or his equal proportion of burden, is high or low according to the aggregate of money to be raised for public purposes.

Worked out in its true aspect, the tax rate per hundred may be low, the assessed valuation may be high, and if the aggregate of money required for state, county, city or other public pur-

poses is also large, then the aggregate tax to be paid by each taxpayer may be larger than it would be if aggregates of public budgets had in fact been lower.

The true concern of taxpayers. The true controlling question which should be given strict attention, if it is desired to decrease the aggregate of taxes, is the aggregate of proposed expenditures rather than the tax rate. Let taxpayers discard the old dogma of comparing the tax rates of one year with the tax rates of another year, let them learn the real fact that such comparisons are either misleading or may be so. Let taxpayers learn that the inflexible element, which actually determines the final question of how much taxes must be paid, is no other element than the total of proposed expenditures for public purposes. **Regardless of all fallacious argument to the contrary, the actual amount to be raised and expended in any year is the real controlling factor as between high taxes of one year as compared with lower taxes of another.**

Let the taxpayers continuously, persistently and wisely, look over the public activities of the state, of the county, of cities, towns and other political subdivisions. Let those taxpayers consider which, if any, activity can be dispensed with. Let them consider which, if any, activity may be joined with some similar activity that both may be conducted with lessened expense. Let taxpayers get active in scrutinizing public budgets and see to it that those budgets are pared down "to the bone" of real public requirements and real public necessities. Let taxpayers bear in mind that increased amount of the aggregate of public expenditure was not the result of any one year, but has been the result of ten years of statehood, and of government under statehood. Let them realize that the tree cannot be pulled out by the roots, but to still live and flourish, must be gradually trimmed back to normalcy of efficiency, of reduced expenditure and of equal efficiency.

Let taxpayers at all times bear in mind what may be termed the golden rule for tax reduction, that reduced expenditures of government rather than

reduced tax-rates, is the real rule and measure towards reduced taxes as a burden upon individual taxpayers and

reduced burdens upon the entire tax-paying public. Remembering at all times that the tax rate is the result not

the cause of high tax burdens. **That high expenditure is the real cause of those burdens.**

Promoting State Debts for Non-Essential Highway to Cost \$2,500,000.00

The satisfaction of "putting it over" seems to be the main spoils of victory when certain members of an enthusiastic chamber of commerce promotes an initiated measure, and that satisfaction seems to be very complete without regard to what the purpose of that measure is, and without regard to its immediate effect upon the real taxpaying public of Arizona.

In a recent issue of this Magazine the attention of our readers was called to an initiative petition proposing a constitutional amendment through which the state of Arizona would bond itself for the purpose of building a state road from the Hassayampa River in Maricopa county, to the Colorado River at Ehrenberg, or as commonly referred to as Blythe, California. A proposition which would call for \$2,500,000.00 for approximately one hundred and twenty miles of highway. A highway, which when it left the Hassayampa river would traverse a barren waste its entire distance, would reach the Colorado river at a point where there is at present no bridge, and would, after ferrying across the river leave travellers with miles to go before reaching the paved highways in California leading to Los Angeles. This Magazine in the article referred to, challenged the necessity of the proposed highway, and in the main asserted that the state of Arizona was in no financial condition to bond itself for highways of local benefit, nor for the luxurious accommodation of intermittent travelers or foreign tourists. Opposed the idea, for the reason that highways of more necessity; highways which would immediately benefit more of the people of the state of Arizona, highways which would accomplish the same ultimate purpose of a "good road" to the Pacific coast, had already been agreed upon, and were almost an assured fact; with finances in hand and in sight for the construction thereof, without any additional bond issue. Opposed the idea of a bond issue for the reason that if bonds are issued for any state purpose, that purpose should, include a real benefit to all the people of Arizona, and should be a purpose where the real necessities

of welfare of the people demanded the extra burden of bond issue.

Information Must Be Given to the Public Even if the Magazine Appears to "Knock"

It is not a pleasant task to "knock" the labors of those interested in a successful drive. It is much easier to go with what appears to be the crowd, and help the way along. But, this Magazine must protect its readers, and the taxpayers who more or less depend upon it for real information as to matters affecting public finances and public taxburdens incidental thereto. The word "drive" and the slogan of "going over the top" became popular during the late war, when it was necessary to arouse the people to war necessities. The war itself brought many necessities. Anything which amounted to a drive as to any attribute of the emergencies of that war, was accepted by the public, and went over big. Since the war promoters of many projects have been keen to adopt "drive" methods as a means of getting over their projects, using as their slogan some catchy paraphrase which would appeal to the general public, and particularly to those members of that public too much engrossed with their private affairs to look back of the paraphrase used in particular instances. So when the suggestion of "a paved highway to California" was presented in connection with a petition proposing to bond the state for \$2,500,000.00 for the purpose, it is safe to say the proposal met the approval of many persons who went it blind, and had only in mind the fact of a desire for some paved way from Phoenix to California. The general public is not advised as to the details of present highway plans, it simply fell into the idea that a paved highway to California would be a good thing, and asked no further questions.

Slogans for Drives May Be Deceptive And Conceal Real Purposes of Projects

The promoter's use of the words: "A paved highway to California," did not

suggest the facts as to present plans for the building of just that highway. Those words played upon the cupidity of the people to such an extent that upon the surface it appeared that a \$2,500,000.00 bond issue was such a necessity that without such an issue there would be no highway. But now, and after the proposed initiative measure is ready for the voters, the lid is being lifted. The real facts are coming out to public knowledge. Word comes from California, unchallenged as to truth, that: "the state highway commission of California has designated to the United States government, as the first road to receive federal aid, the San Diego to Yuma route." It is also true that the state highway department of Arizona, had, prior to the suggestion of the \$2,500,000.00 bond issue amendment, also designated the highway from Phoenix to Yuma as the primary route for an interstate Phoenix to California paved highway. With this course already agreed upon between California and Arizona authorities, the real question before the public is not whether there shall be a paved road between Phoenix and the coast, but whether plans which are already consummated shall be abandoned, and a new route adopted. The further question of whether highway funds already in sight for a paved road to California shall be lost sight of, and new funds to the extent of \$2,500,000.00 be provided that such new route may be constructed. It can hardly be presumed that the taxpayers of Arizona laboring under present tax burdens already present in connection with existing county highway bond issues, are ready to add to those burdens, that two paved highways be constructed to California.

Reasons Against and None Apparent for the Promoted Bond Issue Highway

If it should become a question of an abandonment of the route Phoenix-Yuma-San Diego route, and taking up the Phoenix-Blythe-Los Angeles route, and bond the state to build the latter, there should be some very forcible rea-

son for so doing. On the face of the proposition, every reason is against the latter route. The question of distances to be travelled is always a factor. Yet the figures show that the distance from Phoenix, via Yuma to San Diego is only three hundred and eighty-eight miles; the distance via the proposed bond issue route, from Phoenix to Los Angeles is four hundred and fifteen miles. Through roads connecting with the Yuma route and running to Los Angeles, the total distance from Phoenix to Los Angeles is four hundred and ninety miles. A traveller via the Yuma route can reach San Diego quicker, and spend only a couple of hours more time to reach Los Angeles than by the Blythe route for which the bond issue is proposed. It also comes as a stated fact, that the route via Blythe and Mecca would traverse a total of two hundred and twenty-five miles of barren waste,

without habitation, without any prospects of immediate development, and without any prospect of funds to bridge the Colorado river at Ehrenberg, nor to construct in California a connecting link from the river to present paved highways in California.

Any Bond Issue Should Be In An Amount Sure to Complete Its Purpose

The promoting of bond issues has led to some very large disappointments to taxpayers of this state. They desired some public improvement. An initial bond issue has been promoted and voted, ostensibly and presumably of an amount large enough to attain the desired end. In many cases, those bonds were wholly insufficient and the taxpayers have been forced to vote still more bonds. that the first bond issue in-

vestment might not be wasted. Notably and as illustrations of the idea are the highway bonds voted by Maricopa county, the water system bonds voted by the city of Phoenix, highway bonds in Yuma county, and other similar instances. It is believed that the Arizona public will go with more caution in the future, than in the past, and will not vote bonds for any purpose at all, until assured that the funds will hold out to the completed end of that purpose.

If the public of Arizona desires to reduce the tax burdens it will "look before it leaps", and will not go blindly into debt to the extent of \$2,500,000.00, except for a purpose of more immediate public necessity than a duplicated highway to California, and for a purpose of more general benefit to the entire state than such a highway might be if constructed.

Budget For the State Tax Roll For Present Year

There has been quite a little uncertainty as to what the actual budget of and for the present fiscal year of the state would be. Some speculation as to whether the special session of the state legislature with its work directed towards a revision of the general appropriation bill, and in connection with the financial code enactment, had in fact so legislated that state taxes would be reduced. Appended to this article is a complete budget showing the appropriations made and required for the ensuing year.

In explanation of the figures it must be borne in mind that the new financial code abolished all special funds, except the special funds required to be maintained in connection with the special land grant provisions of the Enabling Act and the State Constitution.

In further explanation of the figures in the table it should be said that the new financial code so provided that many heretofore abandoned, inactive and obsolete appropriations were wiped out, and the balances remaining therein have become part of the "general fund". And by thus becoming part of the general fund, is also a means of lessening the amount to be raised by taxation for general fund purposes. This same feature applies to nearly all balances of all funds, unused from appropriations thereto, after taking care of what is referred to in the financial code as "encumbered balances", that term meaning no more than taking care of unpaid

bills contracted against, but not paid from each fund as same heretofore existed, prior to July first, 1922.

With the foregoing explanation, the table shows that it will require a total of \$4,249,436.84 to meet the appropriations provided for under the general fund. The general fund balance as of date of June 30, 1922, amounted to \$853,780.45. The encumbrances upon that balance amount to \$572,775.54. This leaves a net balance available in the general fund of \$281,044.91, a balance, which when deducted from the grand total of general fund appropriations, \$4,249,436.84, leaves \$3,968,431.93 to be provided for that fund. It is estimated that other sources of revenue—other than direct taxes will equal at least \$425,000.00. When this estimate of other sources of revenue is deducted, there remains \$3,543,431.93 to be raised by direct taxation for general fund purposes. In addition to this amount is \$75,000.00 for Sixth State Legislature and \$76,714.01 additional interest, making a total amount of \$3,695,145.94 to be raised by direct taxation for the fiscal year beginning July first, 1922 and ending June 30, 1923.

The figures of assessed valuations of the property of the state have been determined and that valuation of \$732,021,286.00. Using that valuation as a base, the specific tax rate to be levied for state road tax will produce \$366,010.00; and the university tax, also a specific

rate tax, will produce \$622,218.00. These two amounts are included in the above net amount to be raised for the general fund.

In going over the list of items given in the table, and taken from the general appropriation bill passed by the special session, it appears that no provision has been made for "deficits" or overdrafts in funds. These deficits have in fact existed for several years. Are amounts which have accumulated to some extent, year by year since statehood. Any tax rate which might be levied to take up such deficits would be a rate including, by the deficit amount, a sum not properly chargeable to any particular year, nor chargeable to the proposed expenditures of a new year. The amount of rate which may be required to pick up old deficits, is simply a rate to pay past debts.

But as repeatedly stated in this Magazine, the matter of tax rates and the matter of aggregate assessed valuations does not tell the true burden upon the taxpayers which arises from the necessities of government. So again the real story as to state taxes, if the past year is to be compared with the year now ensuing, will come from comparing the result of a tax rate of seventy-three cents per hundred, levied upon a total assessed valuation of taxable property amounting to \$836,467,491.00, and which produced over \$6,000,000.00 in state taxes, with a tax rate of fifty-one

cents per hundred, levied upon a total assessed valuation of \$732,021,286.00 which will produce the amount required from taxes to carry on state business for the present year. In other words the comparison between the two years lies in comparing \$6,000,000.00 of the old, with the \$3,695,145.94 required for the new fiscal year.

An Itemized List of all Appropriations for the State of Arizona for the Fiscal Year Ending June 30, 1923

Name of Appropriation	Amount	Total	Name of Appropriation	Amount	Total
ASYLUM FOR THE INSANE:			DENTAL EXAMINERS	1,500.00	1,500.00
Salaries	\$65,910.00		ENGINEERS DEPARTMENT:		
Operation	83,000.00		Salaries	6,000.00	
Travel	400.00		Travel	2,500.00	
Repairs and Replacements	6,825.00		Road, 25%	83,002.50	
Capital Investment	2,800.00	\$158,935.00	Road Counties	274,507.50	366,010.00
			Equipment	50,000.00	50,000.00
TORNEY GENERAL'S DEPARTMENT:			FAIR COMMISSION:		
Salaries	17,000.00		Salaries	4,650.00	
Operation	3,300.00		Operation	64,350.00	
Travel	1,800.00		Repairs and Replacements	6,000.00	
Repairs and Replacements	100.00		County Fair Assistance	5,000.00	80,000.00
Contingent	1,000.00	23,200.00			
AUDITOR'S DEPARTMENT:			FREE EMPLOYMENT:		
Salaries	21,000.00		Salaries	2,100.00	
Operation	2,750.00		Contingent	400.00	2,500.00
Contingent	500.00	24,250.00			
BANKING DEPARTMENT:			GAME WARDEN:		
Salaries	13,700.00		Salaries	4,200.00	
Operation	1,500.00		Travel	1,000.00	5,200.00
Travel	8,000.00				
Capital Investment	1,000.00	24,200.00	GOVERNOR'S DEPARTMENT:		
BAR EXAMINERS:			Salaries	19,300.00	
Per Diem and Expense	600.00	600.00	Operation	6,360.00	
			Travel	2,100.00	
BOARD OF DIRECTORS:			Rewards	1,000.00	
Salaries	17,060.00		Proclamations	2,000.00	30,760.00
Operation	2,500.00				
Travel	300.00		HISTORIAN:		
Repairs and Replacements	200.00	20,060.00	Salaries	4,185.00	
			Operation	815.00	
BOARD OF HEALTH:			Travel	400.00	5,400.00
Salaries	14,000.00		INDUSTRIAL SCHOOL:		
Operation	6,450.00		Salaries	24,500.00	
Travel	2,800.00		Operation	27,000.00	
Capital Investment	400.00	23,650.00	Travel	1,500.00	
			Repairs and Replacements	4,775.00	
BOARD OF PARDONS AND PAROLES:			Capital Investment	400.00	58,175.00
Per Diem and Expense	1,000.00	1,000.00			
CAPITOL BUILDING AND GROUNDS:			INSPECTOR OF WEIGHTS AND MEASURES:		
Salaries	19,740.00		Salaries	2,400.00	
Operation	13,485.00		Operation	200.00	
Repairs and Replacements	5,050.00		Travel	1,800.00	4,400.00
Capital Investment	1,645.00	39,920.00			
CHILD WELFARE BOARD:			INTEREST:		
Salaries	2,400.00		State Funded Debt	33,790.00	
Operation	25,600.00		Asylum for the Insane	1,000.00	
Travel	2,000.00	30,000.00	Capitol Building	2,100.00	
			St. Louis Exposition Bonds	1,500.00	
COMMISSION AGRICULTURAL AND HORTICULTURAL:			U. of A. Bonds	550.00	38,940.00
Salaries	30,320.00		LABORATORY:		
Operation	7,850.00		Salaries	4,500.00	
Travel	6,800.00		Operation	350.00	
Repairs and Replacements	700.00		Travel	334.00	
Contingent	500.00	46,170.00	Contingent	216.00	
CO-OPERATION BIOLOGICAL SURVEY	15,000.00	15,000.00	Capital Investment	200.00	5,600.00
CORPORATION COMMISSION:			LAND COMMISSION:		
Salaries	46,980.00		Salaries	45,238.00	
Operation	11,000.00		Operation	6,900.00	
Travel	5,000.00		Travel	2,925.00	
Capital Investment	500.00	63,480.00	Repairs and Replacements	750.00	
			Contingent	1,000.00	
COUNTY SCHOLARSHIPS	7,000.00	7,000.00	Capital Investment	600.00	
COURT COMMISSIONERS	250.00	250.00	Co-operation with U. S. R. S.	10,000.00	67,413.00
			LAND SETTLEMENT COMMISSION	100,000.00	100,000.00
DAIRY COMMISSION:			LIBRARY:		
Salaries	5,400.00		Salaries	4,500.00	
Operation	645.00		Operation	400.00	
Travel	3,000.00	9,045.00			

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ARIZONA TAXPAYERS' MAGAZINE

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OF ARIZONA

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Address all communications to the Secretary,
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Questions and Answers

Q. How much is raised per capita for schools in the state tax levy, and are high schools included?

A. The legislature of 1921 in what is chapter 158 of the session laws of the regular session, changed the school laws, and instead of levying a fixed aggregate amount for common schools, enacted a law which put the state school tax levy, and the amount thereof, on a per capita basis. The new law includes high schools as well as common schools.

The particular provision of the law is as follows:

"There shall be levied and collected annually, in the manner in which other state taxes are levied and collected, by a levy made by the officials provided by law a sufficient tax to raise a sum which shall not be less than Twenty-five (\$25.00) Dollars per capita on all children in average daily attendance in the common and high schools of the State, as shown by the records of the State Superintendent of Public Instruction for the preceding year, such levy to be made on the taxable property within the state, and paid into the State Treasury as a special fund for school purposes, as hereinafter provided."

A Decision as to Publications Required for County Estimates

In several of the counties of this state the official printing of notices and other county publications is done through contracts with daily papers. This sometimes results in an excessive number of publications, and in consequence increased cost to the county. The board of supervisors of Maricopa county ordered the official paper to print the annual estimate, to be published as a basis of tax levy, but twice. The official paper insisted that it was its duty to publish such notices twelve times, once each day for two weeks of six days each. In an attempt to sustain its position proceedings in mandamus were started by the paper against the board of supervisors, for an order compelling the board to have the estimate published the twelve times instead of but twice. The paper relying upon the provisions of section 4659 of the statutes which reads as follows:

"When notice is provided by law to be given for a specified number of days or weeks, such notices shall be published in either a daily or weekly paper of general circulation in the county where notice is to be given. If published in a daily paper, it must be published six days out of seven in a week; if published in a weekly paper, it must be published one day in each week, and one insertion in weekly papers and six insertions per week in daily papers shall constitute seven days' notice."

The county attorney's office of Maricopa county, assisted by the legal department of the State Taxpayers' Asso-

ciation, defended the position taken by the board of supervisors, and upon Section 4841 of the statutes which reads as follows:

"The estimates required in the preceding section of this act, together with a notice that such board of supervisors, city or town council, or other governing body, will meet on 19....., for the purpose of making tax levies, as set forth said estimates, naming the time and place of holding such meeting, shall be published for at least two consecutive weeks following the tentative adoption of such estimates, as follows: The estimates of expenditures required to be disbursed by county boards of supervisors shall be published in the official newspaper of the county, if there be one, if not, then in a newspaper of general circulation in the county, for at least two publications. All other estimates shall be published in a newspaper of general circulation in such county, city or town, and which provision, it was insisted, was a special act, entirely covering the question of publications of county estimates.

The court sustained the board. The result is that the treasury of Maricopa county will be richer by between \$800.00 and \$1,000.00 in the saving cost as between a publication of the budget estimate but twice instead of twice. The decision should have the effect of saving a similar amount in several counties of the state where official paper is a daily.

Efforts Should be Made to Reduce the Aggregate of Public Expenditures as the Scale of Living Costs Decreases

This Magazine has at all times urged that the aggregate of all public expenditures through more economy, more care in the selection of public projects involving expenditures, and more efficiency in the actual expenditure of public funds, should be kept within the same relative plane as to be in keeping with general ability of the public to support those activities which are undertaken at public cost. That economic conditions which force themselves

into private business, should immediately be applied to public affairs, all to the end of general progress and prosperity.

This Magazine from its opening edition to the present time has persistently presented its particular ideas as connected with taxation problems. Its particular proposition as to tax problem being economy in the expenditures of public funds to the fullest extent possible and consistent with an efficient

(CONTINUED ON PAGE EIGHT)

an Itemized Statement of all Appropriations---Continued from page five

Item of Appropriation	Amount	Total	Name of Appropriation	Amount	Total
Travel	500.00		SUPREME COURTS:		
Repairs and Replacements	100.00		Salaries	25,200.00	
Contingent	4,475.00	9,975.00	Operation	4,000.00	29,200.00
STOCK SANITARY BOARD:			SUPERINTENDENT OF PUBLIC INSTRUCTION:		
Salaries	6,600.00		Salaries	19,200.00	
Operation	2,000.00		Operation	14,550.00	
Travel	900.00		Travel	4,000.00	
License and Inspection			Repairs and Replacements	100.00	
Animal Industry	15,000.00		Capital Investment	250.00	
Predatory Animals	15,000.00	39,500.00	Apportionment to Counties	1,215,425.00	1,253,525.00
INSPECTOR:			TAX COMMISSION:		
Salaries	12,075.00		Salaries	18,700.00	
Operation	875.00		Operation	3,300.00	
Travel	4,200.00	17,150.00	Travel	3,000.00	
ONAL GUARD	65,000.00	65,000.00	Board of Equalization	1,500.00	
HERN ARIZONA FAIR	5,000.00	5,000.00	Special Legal Counsel	2,500.00	29,000.00
HERN ARIZONA NORMAL:			TEMPE NORMAL SCHOOL:		
Salaries	99,900.00		Salaries	106,800.00	
Operation	30,850.00		Operation	24,500.00	
Travel	1,500.00		Travel	1,000.00	
Repairs and Replacements	4,500.00		Repairs and Replacements	10,000.00	
Contingent	1,000.00		Contingent	1,000.00	
Capital Investment	7,250.00	145,000.00	Capital Investment	5,450.00	148,750.00
TING PORTRAITS	300.00	300.00	TREASURER'S DEPARTMENT:		
TEERS' HISTORICAL SOCIETY	1,440.00	1,440.00	Salaries	14,100.00	
TEERS' HOME:			Operation	3,225.00	
Salaries	14,910.00		Travel	1,750.00	
Operation	34,800.00		License and Fee Refunds	10,000.00	29,075.00
Travel	200.00		UNIVERSITY OF ARIZONA		622,218.00
Repairs and Replacements	1,200.00		VETERINARIAN:		
Capital Investment	400.00	51,510.00	Salaries	1,800.00	
MIUM OF BONDS OF STATE OFFICIALS	550.00	550.00	Operation	500.00	
ON:			Travel	1,000.00	3,300.00
Salaries	47,780.00		VOCATIONAL EDUCATION:		
Operation	101,000.00		Salaries	12,400.00	
Travel	2,500.00		Operation	12,145.00	
Repairs and Replacements	7,000.00		Travel	4,000.00	
Capital Investment	4,625.00	162,905.00	Repairs and Replacements	350.00	
EF PILLS:			Reimbursing 50% of Expense	63,765.00	92,660.00
Roy Davidson	814.26		WATER COMMISSION:		
John B. Ryan	547.58		Salaries	16,300.00	
Bridget Murphy	5,000.00		Operation	2,200.00	
Maida E. Layton	5,000.00		Travel	2,800.00	
Gordon Huntington	1,014.00		Contingent	500.00	
Henry Roseberry	1,000.00	13,375.84	Colorado River Project	20,000.00	
EMPTION:			Stream Guaging	3,000.00	44,800.00
State Debt	28,980.00		Total Amount of General Fund Appropriation		\$4,249,436.84
St. Louis Exposition Bonds	1,500.00		General Fund Balance as of June 30, 1922		
U. of A. Bonds	3,120.00	33,600.00	(Ledger Balance) (Land Transfers not Included)		\$853,780.45
ATON-FLORENCE POWER LINE	50,000.00	50,000.00	Unexpended Balances and Accounts Payable		
RETARY OF STATE:			Carried Forward	572,775.54	
Salaries	14,225.00		Actual Balance in General Fund as of June 30, 1922		281,004.91
Operation	26,670.00		TOTAL AMOUNT OF GENERAL FUND BUDGET		\$3,968,431.93
Repairs and Replacements	200.00		Less Estimate Revenue Receivable from Sources Other Than Taxes for the Fiscal Year Ending June 30, 1923		425,000.00
Contingent	1,000.00	45,095.00			\$3,543,431.93
Capital Investment	3,000.00		Plus Unappropriated Estimates:		
REP SANITARY COMMISSION:			Sixth State Legislature	\$75,000.00	
Salaries	5,600.00		Additional Interest (per state Treasurer's Letter of August 2, 1922)	76,714.01	
Operation	100.00	7,500.00	Total Unappropriated Estimates		151,714.01
Travel	1,800.00		NET AMOUNT OF GENERAL FUND APPROPRIATION TO BE RAISED BY DIRECT TAX LEVY		\$3,695,145.94
TE EYAMINER:					
Salaries	5,050.00				
Operation	250.00	9,300.00			
Travel	4,000.00				
ERIOR COURTS:					
Salaries	36,800.00				
Expenses while acting as Supreme Judge	250.00	37,050.00			

Efforts Should be Made to Reduce the Aggregate of Public Expenditures as the Scale of Living Costs Decreases

(CONTINUED FROM PAGE SIX)

government. It realized at the outset, that under the tax laws of Arizona, there exists power to tax, and power to equalize and adjust tax assessment values to such an extent that the burden of taxes falls with comparatively equality of burden upon the many classes of property upon the tax-rolls of Arizona, all leaving the question of the manner of raising tax funds one of minor details, to remove any defects in the law, and so leaving the real question of concern to the public, that question of how the tax money is expended, and for what rather than how the same money is raised.

It is with pleasure that it may be noted, that other tax associations are taking up that same idea as a means of solving a situation produced by a constantly increased aggregate of tax burdens. The Magazine presents to its readers, an editorial which recently appeared in the Bulletin of the National Tax Association, as follows:

"The gradual decline of the general price level toward an equilibrium more nearly in line with the pre-war normal will carry with it in time a corresponding reduction in the costs of doing business. This process of liquidation, in the field of private business, is an absolute essential to the relief of the public from the burden of high costs which steadily accumulates during a period of rising prices.

There is a certain parallel, in the field of governmental costs, to the inflation and liquidation of prices and costs in private industry. The government must pay for services and materials, and a rising price level affects the money expenses of governmental units, compelling them to levy larger and larger sums in taxes. If the parallel is to hold throughout, the downward trend of prices should result, eventually, in a lower cost of government and a smaller levy of taxes. But the resemblance here is largely one-sided. As prices rise, the levying bodies everywhere defend and justify their increased revenue demands by reference to the higher costs. On the other hand, there is very little disposition anywhere to reduce tax levies as prices fall.

There is no doubt some possibility of greater economy in public administration as general prices decline, but to take advantage of it in the interests of the taxpayers requires a greater alertness and freedom from all manner of partisan influences than we are accustomed to find in public affairs. Such

liquidation of public costs as is possible can only be achieved by systematic and determined insistence upon greater efficiency and economy in governmental operations. Both the theory and the practice of public expenditures must receive far greater attention than anyone has yet given them if these results are to be achieved. And unless we abate the volume of expenditures, either by securing greater efficiency in government or by scrutinizing with the greatest care every proposed extension of the scope of public activities, we can do very little about abating taxes. Carrying water in a sieve is child's play as compared to the job of lessening the tax load without some sort of effective check upon and supervision over the volume of expenditures."

County Taxes Materially Reduced from Accumulated School Funds and Other Revenues

It seems that every board of supervisors in the state has made an effort to do all possible to keep down the county tax rates of their particular counties. There has been a feeling throughout the state, that taxpayers need all possible relief from unnecessary taxes, and in consequence thereof, county budgets have been cut down so far as possible.

At the beginning of the present administration of the State Land Department this Magazine called attention to fact that during the former administration rents, interest upon loans of school funds, and interest upon sales of state school lands, instead of going to the current support of the schools, had been loaned out. An investigation of the amount of such funds, disclosed the fact, that some \$670,000.00 of those revenues had been loaned instead of being devoted to the support of the schools. The state authorities, upon realizing that an error had been made as above indicated, started in some months ago, and as a result, the above amount will be restored to the proper channels during the present year. In fact, the revenues from state lands, have been placed to the credit of income, and the restoration has been already accomplished to such an extent, that advices went out from the office of the state superintendent of schools to every county board, advising them of the fact that the distribution of state school funds, to be available for the support of the common and high schools of the state, would be increased through a distribution of the above amount. This means that the county school taxes will be decreased by the above sum, proportioned in the same manner that other

state school funds are distributed.

Then at the eleventh hour, before the tax rates for the counties were finally fixed, it was disclosed that some \$36,000.00 was available to four counties, Maricopa, Pima, Yavapai, and Coconino, which amount is in the state treasury through sales, incomes and other revenues from a million acre land grant made by Congress to reimburse the particular counties for amounts paid them on account of railroad aid bonds which were issued way back in the "eighties". This amount will be apportioned among the counties mentioned according to the respective amounts of those bonds issued by each.

All in all, with the schools funds of the counties helped out by a distribution of some \$670,000.00, and with the general county funds of the four counties aided through a distribution to them of the \$365,000.00 of county land bond funds, the tax rolls of the various counties will be decreased by an amount over one million dollars, which will certainly have its effect in relieving the taxpayers of the state by that amount.

Distribution of the State School Fund for Fiscal Year 1921-22

The 1921 legislature so amended the school laws of the state that a state tax of not less than \$25.00 per capita based upon the average daily attendance in the common and high schools of the state, be levied for distribution among the counties for the state share in the support of schools. The table which appears below shows the distribution of the result of above taxes, and of certain amounts of other sources of revenue.

COUNTY	Average Daily	
	Attendance	Amount
Apache	1,040	\$ 28,236.00
Cochise	7,698	209,000.75
Coconino	1,019	27,665.88
Gila	4,146	112,563.34
Graham	2,313	62,797.99
Greenlee	2,653	72,028.99
Maricopa	15,216	413,114.44
Mohave	658	17,864.77
Navajo	1,723	46,779.44
Pima	4,746	128,853.99
Pinal	2,259	61,331.88
Santa Cruz	1,450	39,367.55
Yavapai	3,070	83,350.55
Yuma	2,009	54,548.55

The total amount of all expenditure from the state school fund for the year is \$1,508,397.15, of which \$1,254,325.00 was raised by direct tax; \$56,611.70 received from the federal government as revenue from lands in for est reserves, \$197,077.56 from interest and rentals of state school lands, and \$382.83 from miscellaneous revenues.

1c. Paid

Phoenix, Ariz.

Permit No. 18

UNIVERSITY

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, SEPTEMBER, 1922

NUMBER NINE

A PYRAMID OF COUNTY TAXES FOR THE TAX YEAR 1922

County	Total County Tax
APACHE	\$130,767.13
GRAHAM	\$173,447.81
NAVAJO	\$175,463.00
SANTA CRUZ	\$190,538.96
GREENLEE	\$246,619.48
COCONINO	\$282,580.29
MOHAVE	\$315,784.08
PINAL	\$390,846.16
YUMA	\$442,540.57
YAVAPAI	\$528,755.63
PIMA	\$632,812.80
GILA	\$658,673.63
COCHISE	\$760,685.71
MARICOPA	\$1,600,522.45

The above amounts represent that portion of the cost of County government in the fourteen counties of the state, derived from direct taxation, raised for county funds common to each county. The real cost of county government includes also those additional amounts derived from sources other than direct taxation. The real cost includes also such special district taxes, for particular school districts, and other districts, the figures of which are not shown in the above. Further details appear upon the inside pages of this issue.

EDITORIAL COMMENT

NO NECESSITY FOR A STATE HIGHWAY BOND ISSUE OF \$2,500,000

The recent election in its result upon a proposed amendment to the state constitution to permit a bond issue to the amount of four percent of the assessed valuation of the taxable property of the state, which result was a defeat of that proposition, shows that the people of the state are against further bonded indebtedness.

There is still one other proposition before the voters. That proposition is that a state bond issue be authorized to the amount of \$2,500,000.00 for the purpose of constructing a paved road from the Hassayampa River in Maricopa County through to Ehrenburg to connect by ferry with highways in California leading to Los Angeles. Upon that proposition the pertinent questions to be considered by taxpayers are: **Do they need that particular highway? Does the travelling public need a second route into California, in addition to a route already financed from Phoenix to Yuma, and from Yuma across the bridge into California, and thence to San Diego with paved roads the entire distance? Are the people of Arizona interested in any struggle which exists as between Los Angeles and San Diego as to which shall have the first benefit of tourists who may traverse the country by automobile, passing through Phoenix en route? Is the question of such a highway as proposed of such paramount importance as to require a change in the established policy of the state, which policy is a state tax for state highway building, and county bond issues added thereto for the purpose of completing a system of state and county highways already under way?**

The Proposition Was Initiated by a Few, But Must Be Voted Upon By All Taxpayers

This Magazine has called attention to the same question in previous issues. It hoped to be able to thwart the initiative upon what will be submitted at the general election in November, that a bond issue be authorized by special amendment to the constitution for the special purpose of a special highway, to cost in the first instance \$2,500,-

000.00, without any preparation, and with no plans at all for the construction of a bridge across the Colorado river at Ehrenburg. A few boosters for the proposition were able to get enough signers to put the proposition to a vote of the taxpayers, and it remains for the Magazine to continue to antagonize that proposition, believing as it does that every one of the questions above suggested should properly be answered in the negative.

Increase In Interest Charges Are Last Straws to Break the Backs, Etc.

While the time has elapsed since the initiative was filed, arrangements have actually been made, through which with Federal aid funds, surplus funds from the \$8,500,000.00 highway bond issue in Maricopa county, and other available funds from Yuma county, there remains no doubt that a completely paved highway will be constructed from Phoenix to Yuma, and that such construction will be completed before another summer tourist season opens. Will be so constructed long before a highway could be constructed by way of the Hassayampa and Ehrenburg, even if the bond issue should be voted. Speaking from knowledge of the financial situation as applied to taxation in Arizona, it is safe to say that the whole state of Arizona is not able to finance two highways from Phoenix to the coast, when other equally important highways should be constructed within the state itself, if there were funds available for the latter purpose. With a bonded indebtedness of over \$43,000,000.00 already existing calling for an annual interest charge of \$2,365,000.00, already fixed as a tax which must be borne by the taxpayers of the state, for state bond issues, county bond issues, for school district, and for other district bonds, every dollar of similar tax burden must be warranted by strict necessity, before it is added to the amount of the annual tax payments required of the taxpayers of the state. The matter of an addition of \$125,000.00 of interest per year to the tax rolls of the state may not seem much of

an addition if it stood alone. But the old adage of "the last straw that broke the camel's back" seems to apply. The taxpayers already have a steady pull for the next fifteen to twenty years, to meet the \$2,365,000.00 of interest upon bonds already outstanding, and another \$125,000.00 of interest on account of proposed bond issue of \$2,500,000.00 will be the last straw.

If the people of Arizona find it necessary to sojourn in California during the heated period; if they desire to make the trip by auto, instead of by train, then the question of getting upon the paved highways in California is the one question to be considered. Whether that system is once under their wheels it becomes only a question of two or three hours more travel, whether those tourists strike San Diego or Los Angeles first or second. The difference is so slight, that if the taxpayers of Arizona furnish one good, safe, and easily travelled route, they are doing all they can afford to do, either for their home people who desire to "tour" to California, and certainly as much as they can afford to do, for casual travellers who are tourists in transit from other states, whose interests lie not at all in Arizona, but whose sole concern is a quick way to leave the dust of the travels through the state behind them in their eagerness to reach the Pacific coast. When all is said, and all things considered in connection with highways from Phoenix to California, and so considered from the standpoint of tourist travel, any highway at all is luxury. Arizona cannot afford such luxuries at the present time.

Commercial Roads Should Be Constructed To Benefit The Many Rather Than Serve The Whims of a Few

If a highway to California is to be considered as a strictly business proposition; if the people along the route have business with our sister state of California, the proposition then becomes one of immediately serving the greatest number of Arizona citizens with such a highway as will so serve them. So considered, the people of Phoenix, will

service whether the route lies through Ehrenburg or through Yuma. If considered, the people of the several towns along the route via Yuma greatly outnumber those along the proposed Ehrenburg route. The recently completed irrigation projects which lie along the Yuma route will receive direct benefit from the route now so nearly completed. It cannot be said that any particular benefit will follow to any town at all through the construction of the one hundred and twenty-five miles through a desert waste from the Gila River to Ehrenburg. No chance for building up any business enterprises, no prospects of any reclamation projects, no business advantage to any town at all could result from building a second route at a cost of \$2,500,000.00 to the taxpayers of this state.

Bond Issue Would Be Only a Start As to Actual Cost of a Completed Road

Several bond issues have been voted by the cities and towns and in the counties of the state. Those issues were, in the first instance represented to the voters as being sufficient in amount to complete the projects. It was later found that still further issues had to be voted, that incomplete projects might result. This was true in Yuma county, true in Maricopa county, and true in the city of Phoenix. The lesson as to

the second highway bond issue of Maricopa county, the second bond issue in Yuma county, and the second water-works bond issue in Phoenix, is so closely connected with the present, that our readers will see the point. Approximate figures, rather than any carefully worked out actual cost figures, become the basis of a bond issue. If those approximate figures are found to be too small then the taxpayers must go down into their pockets again, to make up the required deficit. It is pertinent to the matter in hand to again suggest that no bridge spans the Colorado river at Ehrenburg. The proposed bond issue of \$2,500,000.00 does not include anything for such a bridge. If that issue should be voted, then it will follow that the taxpayers will be called upon very soon to pay from \$500,000.00 to a \$1,000,000.00 towards the construction of such a bridge. The bond issue itself to construct nothing more than a highway of convenience rather than one of necessity, would result in making a seeming necessity for still further expenditures for a bridge, and for maintenance of the highway itself. One extravagance would lead to still more extravagances, and the public would have to pay.

Some one made a suggestion that the route via Yuma was a hot route, too hot for travel in the summer. It is not known how many of our readers have traversed the route via Parker, or via Ehrenburg, by automobile, nor how

many of those same readers have travelled towards Yuma. The personal experience of the writer of this article has been that both routes are "hot" for travel. That from the standpoint of one route being hotter than the other, it is a good deal like sitting down upon a red hot stove lid, it makes little difference which side is up, either side is too hot for real comfort, and both are hot.

The question of a bond issue is simply another question of duplication. If Arizona is to forge ahead, and do so without becoming overloaded with taxes, it must conserve its funds to what is absolutely necessary, and must guard against anything which can be dispensed with, and at the same time accomplish the same results. If Arizona can afford a paved highway to its state line, it can afford that highway only in the hope that it will aid the development of the state. It certainly cannot afford a second line which will be of benefit to week-end joyriders from Phoenix to Los Angeles, and which will be of no business and of no commercial value to the state at large, more than will result from the highway now so nearly completed.

Seeing no advantage to the state at large from the proposed \$2,500,000.00 bond issue for a special highway this Magazine opposes the proposition, and does so for the purpose of economy and conservatism along the lines of the policy of this Magazine so often stated.

A Review of Some of the Increased Costs of State Government Since Statehood

When Arizona became a state, it was about the same position of a young man leaving the parental home and striking out for himself. It was found that a great many expenses which were general expenses of the general government of the United States had to be met from the revenues of the new state.

The Federal Government Paid Administrative Salaries Prior to Statehood

Prior to statehood, the majority of the territorial officers were paid from federal funds, or were supported by fees of office collected from persons having business with their particular offices. The state constitution created new offices. Among these offices will be found the office of Attorney General, and the State Mine Inspector, and State Examiner. When we look to the state consti-

tution and find that its provisions required these offices, and find also that the salaries and expenses of those officers as well as the salaries and expenses of all other officers of the state department immediately became a state charge. When we find also that all fees of office for the benefit of any officer under the territorial acts, became after statehood, revenues which are turned into the general funds of the state, for general state purposes, taxpayers can trace the origin of any increase in their taxes due to state salaries and expenses of those offices directly to the provisions of the constitution itself.

Salaries Fixed by Constitution Increased By 1917 Legislation

After the state constitution had in the

first instance fixed the salaries of the various officers of the executive department, the first state legislature re-enacted the same amounts in the state Code of 1913. Those salaries remained fixed at those same amounts until 1917, when the legislature of that year passed an emergency measure, which materially increased the salaries of several state officers, and at the same time re-classified the various counties of the state, with the result that when that emergency law actually came into effect the present salaries of state and county officers became fixed at the amounts now appearing upon the tax rolls of the state, arising from general fund appropriations for state purposes, and general fund purposes in the counties. At the time, in 1917, when the act as above re-

(Continued on Page Six)

Table Showing the Totals of Taxes in Various Counties of the State Raised for General, Road, School and County Bond Purposes, With Comments

The several counties of the state will have available for expenditure for their various county purposes, including only general fund purposes, highway purposes, common and high school purposes, and to meet the interest and redemption due upon county bonds, the grand total of \$6,530,067.71. This amount is the amount to be realized from direct taxation upon the rolls for the fiscal year 1922-1923.

The above amount does not include any distributions to the counties from the state road tax fund; nor does it include the per capita amount raised and

included in the state tax rate, for ultimate distribution to the various counties for support of the common and high schools therein.

The above amount does not include any items classed as other sources of revenue, such as fees collected by county officers, fines and penalties collected in court actions, distributions of forest reserve funds, and the like. All of these funds have been estimated as to be available for expenditure for county purposes, leaving the amount of \$6,530,067.71 to be raised directly in the counties, as strictly county taxes.

There are school districts in the different counties, in which, special taxes have been allowed for the special purposes of those districts, these taxes are levied only upon the particular property included within the limits of each school district. The totals of all such special levies are not presented in the table below. Those totals will be additional thereto, in the districts affected thereby. The same situation arises as to some special road district taxes, irrigation district taxes, and light and power district taxes. The table gives the amount of taxes for each county, for purposes

County Valuations and Tax Rates for 1923

COUNTY	Assessed Valuation	GENERAL FUND		ROAD FUND	
		Rate per \$100.00	Amount Raised	Rate Per \$100.00	Amount Raised
Cochise	\$143,525,605.00	.208	\$298,533.26	.138	\$198,031.20
Gila	124,067,362.00	.132	163,768.92	.201	249,331.92
Maricopa	116,826,456.00	.26	303,748.78	.097	113,831.68
Yavapai	107,909,313.00	.1964	211,933.98	.0971	104,771.17
Pima	56,001,132.00	.31	173,603.51	*.1993	11,601.17
Pinal	52,809,912.00	.1742	91,994.87	*.25	132,021.12
Greenlee	24,911,059.00	.373	92,918.25	.121	30,141.31
Yuma	21,064,333.00	.522	109,955.82	.235	49,501.11
Coconino	20,128,235.00	.7632	153,618.69	.325	65,411.11
Mohave	20,113,636.00	.6610	132,951.13	.242	48,671.11
Graham	12,480,418.00	.1695	21,154.31	.09	11,231.11
Santa Cruz	12,013,806.00	.5378	64,610.25	.1077	12,931.11
Navajo	11,393,701.00	.43	48,992.91	.15	17,091.11
Apache	8,776,318.00	.514	45,110.27	.17	14,911.11
TOTAL	\$732,021,286.00		\$1,912,894.86		\$1,159,094.12

*Include emergency levies.

common to all. The table does not give the amounts of special taxes affecting only portions of any county.

The table also shows the different tax rates per hundred dollars of assessed valuations of the property upon the rolls of the several counties. In any comparison of those specific rates as so shown, to be compared with rates of previous years for the same general purposes of the counties, it must be also considered that the totals of assessed valuations of the property of the counties has been decreased. For instance, the total valuation of the property upon all the tax rolls of the state, for the year, 1921-1922, was \$830,536,582, while the total assessed valuation of the counties for the year of which the table shows the county rates, is \$732,021,284.00. Looking at the table, and comparing the assessed valuations there given, with the assessed valuations of the counties as shown in the October,

1921 issue of this Magazine, it will appear that reductions have been made in the amounts of assessed valuations of every county in the state, as the basis for computing the tax rates for the year 1922-1923, as compared with the same valuations of the same counties for the previous year.

As repeatedly asserted by the Magazine, the question of assessed valuations, and the specific tax rates do not control the question as to the real burden of taxes to be paid by taxpayers. That question is finally controlled by a comparison of the aggregate amounts levied for collection and payment by the taxpayers. Thus the present tax rolls show an aggregate of \$1,912,894.86 to be raised for the general funds of the various counties, as compared with \$1,983,074.74 raised upon the rolls of the previous year. So also the present rolls show \$1,159,894.86 to be raised for county road funds, as compared with a

total of \$1,204,844.67 raised for those same funds upon the rolls of the previous year. So again the common school fund raised by county tax for the present year will aggregate \$1,707,414.48 as compared with an aggregate of \$2,501,587.58, raised in the counties for school purposes of the previous year. The difference of nearly \$800,000.00 does not mean that the common schools will cost that much less, as the fact that a large amount of revenue derived from state common school lands has been restored to and will be available for common school purposes. The fact that the state school tax and other sources of revenues, distributed from state taxes, and other sources to the counties, accounts for some of the difference.

When the figures of taxes to be collected for county bond purposes is compared, the figures for the present year

(Continued on Page Six)

Amounts to be Raised for the Various Funds

SCHOOL FUND		BOND, INTEREST & REDEMPTION FUND		TOTAL COUNTY TAX	
Rate Per \$100.00	Amount Raised	Rate Per \$100.00	Amount Raised	Rate Per \$100.00	Amount Raised
	\$157,878.17	.074	\$106,208.95	.53	\$ 760,685.71
19	203,346.41	.034	42,182.90	.5309	658,673.63
20	462,632.77	.51	595,814.93	*1.37	1,600,522.45
21	117,081.60	.038	94,960.20	.49	528,755.63
22	209,612.24	.2464	137,986.79	1.13	632,812.80
23	72,560.82	.1785	94,265.69	.7401	390,846.16
24	55,975.15	.2713	67,583.70	.99	246,619.48
25	63,193.00	1.0439	219,890.57	2.1009	442,540.57
26	47,462.38	.0799	16,082.46	1.4039	282,580.29
27	61,668.41	.3604	72,489.54	1.57	315,784.08
28	56,161.88	.6805	84,929.24	1.39	173,477.81
29	65,907.74	.3919	47,082.11	1.586	190,538.96
30	84,883.07	.215	24,496.46	1.54	175,463.00
31	49,050.84	.2471	21,686.28	1.49	130,767.13
	\$1,707,414.48		\$1,625,659.82		\$6,520,067.71

ARIZONA TAXPAYERS' MAGAZINE

OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription SEPTEMBER, 1922 50 Cents

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John P. Nash	P. A. Tharaldson	David Babbitt
C. H. Akers	Joy H. Patterson	P. P. Greer
B. A. Packard	Chas. W. Fairfield	W. A. Julian
L. C. Shattuck	W. M. Adamson	J. C. Dolan

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Table Showing the Totals of Taxes

Continued from Page Five

show an increase of the difference between \$1,205,390.49 upon last year's rolls to the total of \$1,625,659.82 upon the rolls for the present year. This increase of over \$420,000.00 is due to the issue of highway bonds by the several counties. Some of these bonds were in fact voted, one, two, and even three years ago, but the present rolls show the full burden of taxation incident to those issues, due to the fact that a large portion of previous bond issues were sold during the past year, and interest charge thereon commenced to run from the dates of those sales.

With it all, with the increases and decreases mentioned above, the total of county taxes for the present year is over \$364,000.00 less than the total of those taxes for the previous year. Or, a total of \$6,530,067.71 for the present year as compared with \$6,894,897.48 of that previous year. This shows that the various county officers are at least attempting to creep towards reduced expenditures and reduced taxes in counties, which is a good sign, even if long strides in that same direction cannot be made under existing laws and existing conditions in Arizona. The reduction manifests the right spirit to say the least.

Review of Some of the Increased Costs

(Continued from Page Three)

ferred to was passed, it was so passed with an idea that it become immediately effective and to answer the demands of officers then holding office, that their then prescribed salaries were insufficient to meet the high costs of living. There were several cases presented to the Supreme court of the state, in which the point was raised, that the salaries of officers could not be increased nor diminished during the terms for which they were elected, and that Court decided that the new salary law of 1917, would not become operative until new terms of office came into existence. As a result of such decisions, the new law, increasing salaries, did not become effective until a new administration, with new officers, or re-elected old officers, entered upon those new terms, commencing in January, 1919. Thus as to the necessity for the offices referred to, the constitution settled that point of necessity. As to any increased amounts of salaries pertaining to those offices, the 1917 legislature and the then executive of the state are responsible for that increase, sharing that responsibility with those particular officers throughout the state, who at the time demanded a raise in the state and county salary lists.

Land Grants From U. S. Made a Land Department Necessary

With the creation of the state, the control of state school lands, and other lands granted to the state by congress, in trust for state institutional purposes, passed to the state. The duties of that trust involved the selection of lands to meet the land grants, of lands other than school section lands. Those duties involved the leasing and selling of such lands, that rentals, with interest upon sale contracts, and interest upon principal sums realized from sales, and all other revenues such as sales of timber and other products of those lands, that revenues so derived might become available for the university, the normal schools, and the state common schools. The creation of above duties through provisions of the enabling act, carried into and accepted in the constitution of the state, as a necessary consequence called for the creation of some department to perform those duties. The Legislature of 1915 enacted a state land code, created a state land department, with a state land commissioner. Thus again the necessity for such a department originated in the constitution itself.

The People Created a Corporation Commission in the Constitution Until Amended That Commission And Its Powers Cannot Be Changed

The people of the state put the fifteenth Article into the state constitution, thereby creating the Corporation Commission, and in that article so provided that the powers and duties of that commission could not be diminished by any act of the legislature, although the legislature was permitted to prescribe new and additional duties of the commission. Those powers and duties as prescribed by the constitution are so broad and apparently so inviolable, as to call forth from the Supreme Court of the state in one case before it, the expression which in substance is to the effect that the Corporation Commission as created by the constitution, is practically a fourth department of the state, and authorized to perform duties which may be executive, judicial and legislative. Again the state constitution approved by the people of the state, has found a continued necessity for that commission. The expenses of the commission, so far as those expenses increase the taxes of the state, are such as follow from the ideas of the commission as to how it shall perform those duties. Under the present state of the constitution, it is a question whether the legislature could deprive that commission of its power to act though failing to appropriate money to meet the required expenses of the activities of the commission. The commission may or may not be among the necessary activities of the state. That question is not before the people for argument or discussion at the present time. The real fact is that the constitution provides for its existence, and while it, in common with all other offices and departments likewise created by that same constitution, continue to exist in virtue of its provisions, the salaries of the officers, and the expenses of the activities thereof, must be classed among the necessities of the public, and the expenditures on account thereof, will at all times have some place in the aggregate of state expenses and state taxes.

Tax Commission a Necessity for Regulating Tax Matters

The state constitution as first adopted, provided for a state board of equalization. One of the first amendments sub-

itted to the people of the state in 1912, as to abolish that provision, and leave in manner, method and mode of assessing, equalizing and levying taxes in the state to legislative enactments. As a result of that amendment, the first state legislature created the State Tax commission, with its various powers and duties, including in the same law, a state board of equalization, comprised of members of the tax commission. To gain the necessities of the case, controlled the situation. The law as first enacted has remained in effect with few minor changes.

The present Board of Directors of state institutions, with its powers and duties is but a successor to what was known as the "Board of Control" in territorial days. The duties of the latter board were transferred to a "Commission of State Institutions" by the legislature in 1917, and in 1921 the Board of Directors of State Institutions succeeded to the duties of the latter.

The first state legislature created a state board of health. The duties and powers of that board have been revised and extended by different amendments enacted by each succeeding legislature. The question as to the proper method of the care and education of neglected and dependent children was a subject dealt with in the state constitution. The primary power for action still remains where it was first placed with the superior courts of the various counties. The mothers of the state, in their various organizations, came to the conclusion that some more lenient and better means for direct action in case of delinquent children might be conducive to their welfare. Hence in 1921, a "Child Welfare Board" was created, with an appropriation to meet the expenses of such a board.

The State Engineer's Department Handles State, Federal Aid and U. S. Equipment in Highway Construction and Supervises It All

The State Engineer's Department has existed as a department since the provisions of the law, enacted by the state legislature in 1913, creating a state road tax fund of \$250,000.00 per year, and the office of a state engineer to supervise and direct the expenditure of that fund. Since 1913, the demand for good roads has increased with the increased use of motor driven vehicles as a means of transportation and travel. The United States government has created post-road funds, and other road funds for distribution to the states, for expenditure under the supervision of state offi-

cers. Approximately \$1,700,000.00 was expended in connection with highway construction during the past fiscal year. In addition thereto several millions of dollars worth of war trucks and other equipment usable in highway construction were distributed to Arizona for the in that connection. Under existing laws, the planning of the highways to be constructed, the supervision of that construction, including the letting of contracts therefor, with the care and custody of government equipment furnished as above, devolves upon the State Engineer's office or department. The question of the overhead expenses of that department is one thing. Whether those expenses are more or less makes but little difference in the general aggregate of tax raised funds to provide for highway building in Arizona. For the purposes of this article, it is sufficient to say that a department created by the first state legislature, has through public demand for more funds for more highways, had the duty of handling more and more funds, provided by the legislatures in the different sessions, until the present aggregate of tax raised funds for that purpose now appears upon the rolls of the state.

Increased Cost of Education Comes from A Demand of the Public for the Best

The educational requirements of the state have increased during the ten years of statehood. The state university has required more and more buildings, more and more appropriations for the expenses of conducting its educational and other activities. The various State Legislatures wisely or otherwise, have placed more and more departments under its supervision and control. These new buildings, the grounds upon which they are placed; the increased activities thereof, has called for a constant increase in the amount of appropriations for university purposes. It is true, however, that the special session of the legislature held during the present year, did decrease the appropriations made for university purposes by the general session of 1921.

What is said above in connection with the state university, is in the main true as to the growth of appropriations for

the state normal schools, and for the state common school fund. With respect to all of the educational group of institutions, so far as same are supported through a levy of state taxes, it may be said that the people of this state seem to have demanded the best that money could buy. That the various legislatures have acceded to these demands and appropriated accordingly. Under such circumstances upon whose shoulders falls the blame if it is now found that state taxes are too high?

This article might be continued almost without end in giving a complete list of all the new boards, commissions and offices which have been created by the state legislature. Space will not permit, however. Suffice to say, that every state legislature has created some such board or commission. Someone demanded, and the legislature followed those demands. One appropriation made by the last legislature must be specifically mentioned, that of \$100,000.00 under what is known as the "Soldier Settlement Act." This one hundred thousand dollars is to be used by the state in the purchase and improvement of lands within the state, to be sold on long time to soldiers and sailors of the late war. It is a temporary aid, not a gift nor donation. So far as that particular appropriation tends to increase the tax rates of the present year, it is believed that every true citizen of the state will stand up to be counted in its favor.

The People Must Revise Demands if Taxes Be Reduced

It is again repeated, that if any substantial reduction can be made in the cost of conducting public activities, that reduction must be predicated upon substantial amendments to the state constitution, followed by an announcement of the people of a demand that any useless state office, department or board existing through legislative action only be abolished. The people made their demands for what exists. If the same people do not want to provide the funds to carry on, then let them revise their demands, and insist upon a course of action which will provide laws according to revised ideas as to what may be necessary.

State and County Revenues From Lands in Forest Reserves

In connection with a table which appears below the attention of our readers may be called to three different provi-

sions under which the state common schools, and the permanent common school fund is benefited from funds de-

rived from lands which are in the forest reserves, and from other public lands in Arizona which still belong to the United States.

The first fund arises from school lands which are in the forest reserve, as to which a provision contained in the Enabling Act, under which Arizona became a state, reads as follows:

" * * * that the grants of sections two, sixteen, thirty-two, and thirty-six to said State, within national forests now existing or proclaimed, shall not vest the title to said sections in said State until the part of said national forests embracing any of said sections is restored to the public domain; but said granted sections shall be administered as a part of said forests, and, at the close of each fiscal year there shall be paid by the Secretary of Treasury to the state, as income for its common school fund, such proportion of the gross proceeds of all the national forests within said State as the area of lands hereby granted to said State for school purposes which are situated within said forest reserves, whether surveyed or unsurveyed, and for which no indemnity has been selected, may bear to the total area of said sections when unsurveyed to be determined by the Secretary of the Interior, by protraction or otherwise, the amount necessary for such payments being appropriated and made available annually from any money in the Treasury not otherwise appropriated."

As will be noted from a reading of the above, the revenues from the school sections in the different forest reserves of the state will be collected under the supervision of the United States, and become part of the funds annually available for the support of the common schools of the state, and will continue until those forest reserves are from time to time restored to the public domain.

The same Enabling act also provides as follows:

"That five per centum of the proceeds of sales of public lands lying within said State which shall be sold by the United States subsequent to the admission of said State into the Union, after deducting all the expenses incident to such sales, shall be paid to the said State to be used as a permanent inviolable fund, the interest of which only shall be expended for the support of the common schools within said State."

The proceeds from sales will, under above provisions become a part of the permanent school funds of the state.

In addition to the above provisions as to funds from forest reserve and other public lands, there is still another act

of Congress under which twenty-five per cent of all funds received by the United States as revenues from the forest reserves are paid to the state, and distributed by the state Auditor to the various counties in which forest reserves are located. This distribution is made according to the acreage lying in each county, where a forest reserve lies in part in two or more counties. Under

the act of Congress referred to, and court decisions construing that act, this last fund when apportioned to the counties, is to be equally divided between the common school fund and the highway fund of those counties. The table which is given below shows the amount recently received, and which will be apportioned to the counties according to the figures there shown.

NATIONAL FOREST FUNDS DISTRIBUTED TO THE VARIOUS COUNTIES

COUNTY	RESERVE	NO. ACRES	AMOUNT
Apache	Apache	463,220	
	Sitgreaves	42,869	\$1,927.98
Cochise	Coronado	483,698	
	Crook	22,595	2,818.61
Coconino	Coconino	1,333,175	
	Kaibab	738,939	
	Sitgreaves	218,007	
Gila	Tusayan	1,119,183	23,487.42
	Crook	318,840	
	Tonto	1,331,418	9,929.91
Graham	Crook	397,099	2,631.28
Greenlee	Apache	773,445	3,026.66
Maricopa	Crook	2,300	
	Prescott	173,110	
	Tonto	497,416	4,093.35
Mohave	Dixie	17,680	
	Kaibab	13,400	49.03
Navajo	Sitgreaves	389,239	1,046.94
Pima	Coronado	385,075	2,124.73
Pinal	Coronado	24,558	
	Crook	149,394	
	Tonto	58,900	1,471.24
Santa Cruz	Coronado	411,510	2,270.58
Yavapai	Coconino	436,032	
	Prescott	1,274,740	
	Tonto	101,072	
	Tusayan	178,932	14,671.03
Total		11,355,846	\$69,548.76

Questions and Answers

Under what authority are state taxes levied in Arizona?

So far as any specific statute upon the subject covered by the above question can be found in the laws of the state, it is found in the provisions of paragraph 4839 of Revised Statutes of Arizona, 1913, Civil Code. This paragraph, although slightly amended as to other matters by the legislature in 1921, was not changed upon the particular subject of the question asked, it reads: "There shall be annually levied upon the real and personal property within this state, such a sum or sums of money

as the legislature may by law provide and deem sufficient, with other sources of revenue, to defray the ordinary expenses of the state for each fiscal year or years, and such further sum or sums as shall be necessary to pay the interest and principal of the bonds of the state, as provided by law." The same paragraph goes on to provide that the levy shall be made upon the same property and at the same valuations as fixed for county taxes. And the boards of supervisors are required to extend the rates upon the tax rolls of their respective counties for the collection of those state taxes.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

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PHOENIX, ARIZONA, OCTOBER, 1922

NUMBER TEN

Total Valuations of all Counties of Arizona For the Year 1922 and Percentage of Total State Valuation

COUNTY	ASSESSED VALUATIONS	PERCENTAGE OF TOTAL STATE VALUATION
APACHE	\$8,776,318.00	1.20%
NAVAJO	\$11,393,701.00	1.56%
SANTA CRUZ	\$12,013,806.00	1.64%
GRAHAM	\$12,480,418.00	1.71%
MOHAVE	\$20,113,636.00	2.75%
COCONINO	\$20,128,235.00	2.75%
YUMA	\$21,064,333.00	2.88%
GREENLEE	\$24,911,059.00	3.40%
PINAL	\$52,809,912.00	7.21%
PIMA	\$56,001,132.00	7.65%
YAVAPAI	\$107,909,313.00	14.74%
MARICOPA	\$116,826,456.00	15.96%
GILA	\$124,067,362.00	16.95%
COCHISE	\$143,525,605.00	19.60%
	\$732,021,286.00	100.00%

EDITORIAL COMMENT

Figures as to Assessed Valuations and Amounts Produced in Tax Levies by Counties

There appears upon the front page of this issue a table which shows the assessed valuations of the various counties of the state, followed by per centages which as to each county, the valuations thereof bear to the entire valuation of the property for taxation purposes upon the rolls of the entire state. That same percentage carried through will show also the amount which each county is called upon to pay into the state treasury in state taxes.

Following this article is a table of figures in which the actual amounts of state taxes levied in each county appears in column side by side with the aggregate of taxes levied in each county for strictly county purposes. The final

column of the table shows the total of state taxes and of strictly county taxes levied upon the tax rolls of the entire state.

The table shows a total of state taxes amounting to \$3,733,308.57, also shows a total of county taxes amounting to \$6,530,067.70, with a total of taxes for the general purposes of all counties and the state of \$10,263,376.27.

Bond Interest and Redemption Taxes Of Some Counties More Than Entire State Taxes of Those Counties

Going back to a table of figures published last month, and bringing forward amounts taken from the column

showing bond interest and redemption charges paid by the several counties some very interesting points arise. For instance, Yuma county pays \$219,890.57 in interest charges for county bond purposes, as against the contribution of that county of the sum of \$107,428.10 to state purposes. Graham county is paying annually the sum of \$84,929.24 as interest and redemption upon county bonds, and paying \$63,650.11 into the state treasury for state purposes. The bonded debt of Maricopa county increased the county tax rate by fifty-one cents per hundred of valuation, a rate equalling the entire rate assessed for state purposes. Maricopa county contributes but \$595,814.93 to

County Valuations and Amounts of State and County Taxes to be Raised by Tax Rates for Year 1922

County	Valuation	State Tax	General County Tax	Total State And County Tax
Apache	\$ 8,776,318.00	\$ 44,759.22	\$ 130,767.13	\$ 175,526.35
Cochise	143,525,605.00	721,980.59	760,685.71	1,492,666.30
Coconino	20,128,235.00	102,654.00	282,580.29	385,234.29
Gila	124,067,362.00	632,743.55	658,673.63	1,291,417.18
Graham	12,480,418.00	63,650.13	173,477.81	237,127.94
Greenlee	24,911,059.00	127,046.40	246,619.48	373,665.88
Maricopa	116,826,456.00	595,814.93	1,600,522.45	2,196,337.38
Mohave	20,113,636.00	102,579.54	315,784.08	418,363.62
Navajo	11,393,701.00	58,107.88	175,463.00	233,570.88
Pima	56,001,132.00	285,605.77	632,812.80	918,418.57
Pinal	52,809,912.00	269,330.55	390,846.16	660,176.71
Santa Cruz	12,013,806.00	61,270.41	190,538.96	251,809.37
Yavapai	107,909,813.00	550,337.50	528,755.63	1,079,093.13
Yuma	21,064,333.00	107,428.10	442,540.57	549,968.67
Total	\$732,021,286.00	\$3,733,308.57	\$6,530,067.70	\$10,263,376.27

wards support of the state for state purposes, pays its individual bond interest and bond redemption fund of like amount and with a total tax for all county purposes of \$1,600,522.45 finds itself as a county, costing its taxpayers nearly one fourth as much as the entire amount of taxes paid for county taxes so paid by the entire fourteen counties of the state, amounting to an aggregate of \$6,530,677.0.

Interest and Bond Redemption Taxes of Maricopa County for 1922 More Than Twice Entire Tax For Same Purpose of All Counties of the State in 1915

If the figures as to county taxes be still further analyzed, and taking the total of \$291,154.88 as the 1915 total of taxes raised in all the counties for bond purposes, it will appear that Maricopa

county in 1922 is paying taxes of \$595,814.93 for bond purposes, or more than twice the total for the whole state, all its fourteen counties, paid in 1915. Yuma county today is paying interest upon its county indebtedness to the amount of \$219,890.57, or more than two thirds of the total paid for similar purposes by all counties in 1915. Space will not permit an extended and continued examination of the subject of increased county taxes, due to bond interest and bond redemption charges. It can be said, however, that such charges have increased in nearly every county in the state. Under present laws, it is up to the property tax-payers to vote bonds. The voters of each county have exercised that privilege according to their ideas of the necessities. If the tax-payers of any particular county feel the general burden of taxes too heavy, then let them look to the interest and redemption of bonds voted by them,

and not attempt to pass the blame to any other quarter. They have danced and must pay the fiddler. No future to be elected officers, either of state or county, can lessen those bond interest and redemption charges, to be paid in taxes by each county where bonds have been voted. Those charges are fixed and will continue. If any lesson is to be learned, that lesson is to refuse to vote more bonds, until times have returned to such a prosperous condition, that present taxes can be paid without strain and without delinquencies, calling for still further interest charges upon registered warrants, state, county or city warrants.

Figures and facts are stubborn things. When facts are found in figures, the result is inevitable. The public must face the facts. Must take the figures and with the facts which those figures do present, work out a solution of tax problems as best that public may so do.

The Source of Increased Taxation in Arizona

The taxpayers of Arizona should not be deceived by any sweeping statements which may be made as to increased taxation in this state. Everyone knows that the present burden of taxation is heavy. Everyone does not know just where to place their fingers upon the controlling reasons which in the past seven years has brought about that increase. The fact that a majority of the people are not in possession of the true facts which really control is used by the unscrupulous to sway public opinion this way or that way, according to the designs, the hopes and ambitions of such as would make such an advantage of the public, to their own purposes and to grind their individual axes and promote and bring success to their own ambitions for office through the votes of those who may possibly be deceived.

Taxes Originate For State, For County, For City and District Purposes. If Taxes in the Aggregate Are excessive That Excess Should Be Traced to Real Sources of Taxing Power

Taxpayers should not be deceived. They should not follow false prophets, rather let them calmly and impartially study the whole situation. If they are confronted with a flood of increased taxes, let them slowly and surely trace the source of that flood. There will be found that many streams

are leading towards the same end. The task of taxpayers is to determine which of those streams can be cut off, and thus control and avert the effect of a final torrent of taxes which they must pay each year. Taxpayers must remember that state taxes are not all the taxes which they pay. They must remember that included in the gross amount which each taxpayer turns over to the tax-collector every year, are items for county taxes, items for special school district purposes, items for special irrigation district purposes, items for power and electric purposes, items for special road district purposes. And, if any particular taxpayer wishes to register against high taxes, the first thing to do is to ascertain whether or not any one of the general branches of government is costing him or her, more than is necessary to meet the real requirements of that particular branch. The taxpayer must look to the state budget, examine every item therein, and do so calmly and critically. As to each such item the question should be asked, "Do the people of this state need the particular activity represented by the amount taxed to support it?" Or, that taxpayer should ask the question: "Are we overdoing the activities of this or that department, office, commission or institution, spending too much in comparison with public good accomplished?" Upon the answer to those two questions will depend the answer to whether or

not taxes are too high or whether or not the present scale of taxes for all purposes can be reduced. The investigation of a taxpayer who has in mind a reduction of taxes, will not be complete until that taxpayer has gone through the whole list. The amount of state taxes which is paid, is but one item upon that list to be investigated. The other items are the county taxes, the city taxes, the town taxes, the special school district taxes, the special this or that district tax to which contribution must be made by the investigating taxpayer. **If the state taxes are higher than the taxpayer thinks they should be, no relief can be obtained by going to the chief executive of the state, that officer has no control over such taxes. The relief must come through the legislature of the state which creates the purposes for which taxes are to be levied, and with those purposes created, fixes the appropriation to become taxes to carry out each such purpose. If county taxes are too high, the taxpayer can get no relief through either the executive of the state nor through the legislature. That taxpayer must look for relief to the board of supervisors.** And the same is true as to city taxes, as to school district special taxes, and other special taxes. In other words, a taxpayer must trace the matter of taxes back to their source, and finding that source, and finding also that too much is being "paid

for his whistle" go back to the one who sold him the whistle, and not attempt to get satisfaction from someone else, some other body of officials, in the case of taxes, who knows nothing and has no control over the matter at all.

If taxpayers will not make an investigation along lines above suggested, if they are satisfied to let things drift along, or if they jump at conclusions without any investigation, it is quite certain that either inaction, or hasty, illy considered action will not bring relief.

This Magazine has repeatedly and consistently furnished tables of figures all taken from official reports, and as accurate as figures can be, and has done so for the benefit of taxpayers who may desire to investigate, study, solve and determine the problems of taxpayers which now confront them in the way of excessive tax burdens. It is impossible to republish all of those figures in one issue of the Magazine, new and additional figures are published in connection with this article, for the purpose of giving our readers more figures to compare with what has gone to them in previous issues.

If as a matter of brief recapitulation of what has been heretofore shown by published figures, reference is made to the fact that state taxes in the past five years have been increased mainly on account of increased appropriations for the state educational institutions, for the state common school fund, for the university fund, for the two normal schools of the state, then the question arises can a reduction be made at this time in those particular appropriations, or in the state taxes to be raised to meet such appropriations.

1922 State Road Tax Fund Cut to One-Half of 1917 Tax for Same Fund

At the outset, the state highway or road tax fund was \$250,000.00 per year. In 1917 the legislature made a flat rate of ten cents per hundred of assessed valuation, and in consequence, the amount taxed for that road fund fluctuated with the various fluctuations and changes in the total of assessed valuations of the taxable property of the state. The last special legislature reduced the flat rate to five cents per hundred.

At the outset, in 1913, the state common school fund was fixed at \$500,000.00. Subsequent legislatures added to that amount by specific appropriations. And at last the amount of state tax for state common and high school purposes, is fixed according to the highest average attendance for six months, at \$25.00 per pupil. The result of this

change is shown on page 19, in subdivision 39 of the general appropriation bill passed by the special session of the state legislature for 1922. It is there estimated that \$1,416,958.00 will be raised for common and high school purposes as a result of the change in manner of fixing the tax for that particular fund. The state officials revised those estimates, and the final sum appears as \$1,253,525.00. If a start is made with the first annual appropriation of \$500,000.00 per year, and that amount is compared with the last item, then \$750,000.00 per year of increase in state expenditure is accounted for. That increase goes to the schools. Are the schools a public necessity? Does the purpose warrant the increase? Our readers must answer each of those questions for themselves, the Magazine can only give them the basis for the answers.

If the last legislature had not changed the rate for road tax fund from ten cents to five cents, the tax rolls of the present year—1922—would have shown \$732,021.00 for road tax, instead of one-half that amount, or \$366,010.50. Taxpayers should not be deceived. It is true that the legislature did estimate that \$1,725,000.00 would be available in the state highway fund. But that estimate included other sources of revenue from motor vehicle license fees, gasoline license fee, and federal aid to make up the difference between the gross amount to be available and the \$366,010.50 to be taxed and paid by taxpayers.

University Tax for 1922 Reduced From Former Year

Furthermore, the tax for university purposes was reduced to \$622,218.00 as against a former appropriation which would have produced approximately \$220,000.00 more than that amount.

Increase in County Taxation

It was above suggested that increases be traced to their real sources. Hence a table is appended in this Magazine showing the increase in the aggregate of county taxes since 1915. That table shows that in 1915, the total county taxes of all the counties of the state, raised for "county general fund, was \$1,295,844.44; this fund increased to an aggregate of \$1,912,894.86, upon the tax rolls of 1922. An increase of \$617,050.42.

The figures of the table show that the counties in 1915, raised \$552,079.45 for highway purposes, an amount increased to \$1,159,094.23 in 1922, a net increase of \$607,014.78 to that fund.

An Increase of \$2,300,000.00 in Cost of Common and High Schools Since 1915

The county school fund of the counties, in 1915 aggregated \$853,516.8 of tax raised funds, this fund has increased to \$1,707,414.48 in 1922. A net increase of \$853,897.67. This increase does not reflect the real increase as it will be in another year, owing to the fact that nearly \$700,000.00 of state school land funds, were found available for distribution to the counties, which fact reduced the school tax fund from the \$2,501,587.58 raised in 1921 to the \$1,707,414.46, upon the rolls for 1922. So that if the real cost of the common schools is to be determined, the item of \$1,707,414.46, of county tax, the \$700,000.00 of land revenues, and the \$1,253,525.00 of state fund raised by the twenty-five dollar per capita tax must be added together. And if the net increased cost of common schools from 1915 to 1922 be accurately figured, the \$853,897.67 increase in county taxes must be added to the \$750,000.00 increase in state tax, with the difference of nearly \$700,000.00 of school land revenues also added. All of which shows an increase of over \$2,300,000.00 in cost of schools as between 1915 and 1922.

Since 1913, several court houses have been constructed in the state, this construction was through county bond issues. But the main cause of the increase in county taxes for bond interest and redemption purposes from the \$291,154.88 amount as it was in 1915, to the total of \$1,625,659.82 as it is in 1922, was on account of highway bond issues. The net increase for those purposes within the period named amounts to \$1,334,504.94.

Finally, the grand total of county taxes for 1915, was \$2,992,595.58, as compared with \$6,530,067.71 upon the 1922 county tax rolls. An aggregate net increase in county taxes alone of \$3,537,472.13.

Increase in County Taxes Since 1915 Nearly Equals Entire State Tax for 1922

Let our readers consider an increase in county taxes of \$3,537,472.00. Let them compare that increase with the total state tax of 1922, amounting to \$3,695,145.94. Let them take into consideration the increased taxes upon the city or town rolls of their place of residence. Then let taxpayers look back to the real sources of increased taxes. Such a look may convince the observer that the remedy may lie closer at home than the state Capitol. That more close attention to the activities, purposes, and objects of expenditures for which taxes

re raised in cities, counties and in special districts in various parts of the state, with that close attention and a real analysis as to the real necessity for such

expenditures, may reveal that the cities, towns and counties are more responsible for the aggregate increase in taxes, than is the state government.

At any rate, trace the source, find the

reason for that increase and when that reason is truly revealed, then and then only apply such remedy as may be needed.

When Considering Paved Roads to California Remember That State is Meeting Arizona at Yuma. Is Already Doing So

The question of co-operation between the state of California and our own state of Arizona, in the matter of joint paved highways through and from one state into the other, should be a controlling factor as to what Arizona attempts to do towards building a highway from Phoenix to some point on the California line.

No Certainty that a \$2,500,000.00 Bond Issue Would Result in Paved Highway to the Coast

It certainly is no more than good business for the people of Arizona to look ahead, and see where it will land them before going ahead more or less blindly and authorizing an expenditure of \$2,500,000.00 for a paved road, which when constructed in Arizona, will leave travellers thereon, to face ninety or more miles of desert in California, before they again reach paved highways in that state. It is certainly a good policy to investigate the probabilities of any paving operations in California to cover the ninety miles of unpaved desert lying between Mecca and Blythe in California. There is no use jumping out of the frying pan into the fire, if you see the fire first, and can leap out of the pan entirely.

On the other hand it is good sound judgment to look into the actual situation in California and see just where the paved highway plans of that state will bring paved roads to the Arizona state line. And seeing that, it is equally good business to devote the energies and funds available in Arizona to meet California paved highways at the same point. By doing this, Arizona will have its paved highway from Phoenix to the coast.

No Paved Highway Via Yuma to California a Certainty

Following the line of investigation the first question what are the plans of California, and the second question is how far have those plans progressed. With the third question of where will present

highway propositions more nearly coincide and connect with the construction plans of our sister state. Our information is that all but forty-five miles of the entire one hundred and eighty-six miles from Yuma to San Diego, is "an ideal highway". That a contract has been let for the paving of fifteen miles of a stretch between Holtville and Yuma. This piece of road to cost approximately \$30,000.00 per mile. Our information is to the fact that the people of California and the authorities of that state have already adopted the entire San Diego-El Centro to Yuma bridge as the state highway to be constructed to Yuma in California, and have as above stated, carried that adopted route through to within thirty miles of completion, when the last contract for construction is finished. Our information is that only \$300,000.00 of California state money is available for the ninety miles between Mecca and Blythe in California, an amount sufficient only for grading the desert, but not sufficient for surfacing nor paving it. Not a single dollar of Federal aid money has been allotted to the Ehrenburg route, either in Arizona, nor in the state of California, while Federal aid funds have been allotted to five portions of the link between Phoenix and Yuma, covering over 131 miles of that link. As a general proposition, Federal funds are not allotted to a project, until further funds from state and county are available to complete the project for which such funds are allotted. Consequently it is found that some \$300,000.00 from Maricopa County Highway bond funds, some state funds, and at least \$250,000.00 from

Yuma County Highway bond funds, have already been allotted and are available towards full completion of the Phoenix to Yuma highway to meet a San Diego-El Centro to Yuma highway in California.

From the facts as above presented, it would seem that Arizona will have a Phoenix to the coast highway, either paved or good roads all the way to San Diego. If in that connection any traveller does not wish to go to San Diego, that traveller can branch off at El Centro and head for Los Angeles. Thus, unless the people of Arizona feel that they can indulge at this time in the luxury of two routes to California, the one already within reach of their purse and funds, the other leading to uncertainties and an unbridged river with desert stretches, unpaved, beyond, the people of Arizona will not change the present plans, will devote such funds as are available to insure the construction of the highway via Yuma to the coast, by completing what is now so nearly to completion, and leave the \$2,500,000.00 proposed bond issue on the table, by rejecting it at the polls.

The question of bond issue or no bond issue will be up to the voters at the general election in November. If the voters desire to saddle upon themselves as taxpayers an additional burden of \$2,500,000.00 of principal, and additional burden of taxes for interest thereon, let them vote yes. If the people really desire to confine public expenditures and present public indebtedness to such purposes as are really necessary and indispensable to the public good of the whole state, the voters will vote "NO".

Trade at Home Policy is Adverse to a Proposed \$2,500,000.00 Bond Issue for a Los Angeles Highway

In 1913 the legislature of Arizona started a program of state highway construction, and provided a state fund, to be raised by taxation to the amount of \$250,000.00. This fund was to be

divided in the proportion of twenty-five percent to strictly state roads, and seventy-five per cent to go back to the counties for construction of what in

(Continued on Page 6)

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OFFICERS STATE TAXPAYERS' ASSOCIATION
OF ARIZONA

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TRADE AT HOME POLICY IS ADVERSE TO A PROPOSED \$2,500,000 BOND ISSUE FOR A LOS ANGELES HIGHWAY

(Continued from Page 5)

those counties would become links in a system of state highways. The idea of that legislature was expressed in the language of the act then passed, which still remains upon the statute books of this state, and which reads as follows:

"All highways and bridges constructed, improved and maintained under the provisions of this act shall be constructed, improved and maintained, according to the plans and specifications made for such purpose by the state engineer, herein provided for, subject to the restrictions and limitations of this act, and shall be only FOR THE INDUSTRIAL DEVELOPMENT OF THE STATE."

The language italicised above, speaks the policy under which state highway funds have been expended for nearly ten years. It makes no difference how much the state road fund may amount to in any year, the plans have been made according to the provisions of above law, that those funds shall be expended only for highways which shall tend to-

wards the industrial development of Arizona.

Present Highways Through State Followed Commercial Requirements Continual Development of State Requires Industrial Roads Not Touring Highways

Through the years of history of this state, the old trails of the state have crossed it along the line of the Santa Fe in the northern portion of the State and along the line of the Southern Pacific across the southern part of the state, the latter line diverging into Phoenix, when that city became the state capitol. These old trails quite naturally became the first units to be improved with state tax funds, for the simple reason that along these very highways there was already located towns and cities, which controlled the retail business of the surrounding country. Being in fact trading posts of the past, developed with and through the industrial development of that surrounding country, into the populous towns and cities which now exist.

Those towns depended today upon the trade at home patronage of the people who reside in the localities thereof.

If Arizona Merchants Are Taxed For Highways They and Not California Merchants Should Reap All Commercial Gain From Such Roads

The city of Phoenix is one of the places which has grown and is still growing in commercial importance. Not only is it the state capitol, but it is the metropolis of the state. As the capitol of the state, nearly everyone in the state is among its visitors at some time of the year. The purpose of any road which is to be constructed with state funds, should be the one purpose of affording the greatest number of people of Arizona, whose business calls them to Phoenix, a means of getting from their place of residence to Phoenix. Phoenix wants the people to come. The merchants of Phoenix want the natural result from such visits, in trade and commercial profits. Just consider how the matter will work out along the lines of, and viewed from an industrial development standpoint. Starting with Yuma, and its six or seven thousand people in that city and its immediate vicinity—Passing along the route towards Phoenix, upon the now almost constructed paved highway from Yuma to Phoenix, and a glance at the map will disclose several thrifty towns, and several places where irrigation reclamation projects have been installed,

and the people not only need roads, but must have them. Glance along the map and find any comparison at all between the proposed road included in the \$2,500,000.00 state bond issue, from Phoenix to Ehrenburg. Find any feasible reclamation project. Find the population in towns along the proposed route. Neither reclamation projects nor any considerable number of Arizonians reside along that proposed route to Ehrenburg.

Let the merchants of Arizona look the proposition squarely in the face. Let them mortgage their property for the proposed bond issue, and with the new highway constructed towards Los Angeles let those same merchants see the "go way trade" drift from Phoenix and other points to Los Angeles. Then let them figure the industrial development of Arizona, incident to the proposed bond issue road. Arizona should build its roads for Arizona first, not for California, if from its roads Arizona hopes to reap any industrial profit.

Merchants and Business Men Should Look at Proposed Bond Issue With An Eye to Business Profit, Not for Pleasure and Luxurious Purposes

With no chance of getting any in coming travel from the west, other than that of casual through tourists, the proposed bond issue route appears to be a proposition which, from the standpoint of a merchant, is one of everything going out and nothing coming in. Merchants will be called upon to contribute first, to their share of the interest upon the proposed \$2,500,000.00 bond issue, second, to contribute to the payment of the principal of the bonds, third, to contribute towards the necessary cost of maintenance and upkeep of the highway. And finally, with no assurance, based upon actual estimates as to cost of such a highway, that the \$2,500,000.00 of bonds will complete the highway to the Colorado river, and with every chance that a later call will be made upon taxpayers to raise by taxation an amount sufficient to finish the road itself, and with the highway itself once completed, then the final call for tax money to construct a bridge with its necessary approaches to and over the Colorado river at Ehrenburg, it would appear that the taxpayers will finally be handed a package in the shape of from one to two millions of dollars to complete what an innocent looking proposed bond issue of \$2,500,000.00 will only be a starter. The proposal looks to taxpayers and merchants a good deal like the tramps stone soup. He furnished the stone, and by persuasive lang-

age induced the farmer's wife to furnish the kettle, the chicken and the rest of the fixings. The result was a pretty good kettle of soup. The proposed \$2,500,000.00 dollar bond issue will be the stone in the taxpayer's soup for a great many years, if that issue is voted.

The tramp initiative measure, initiated under the false pretense of "a necessary good road to California," will be found to be a stone from which neither broth or soup will flow towards any industrial development of this state. Will also be found to be unnecessary, in the face of the facts that another route to California, via Yuma is now financed and **actually in the course of construction.**

The merchants and taxpayers of this state are carrying too much dead weight in their present taxes, to voluntarily and without real necessity, and with no hope of industrial returns therefrom, assume another \$2,500,000.00 of state bond issue, with an assumption of interest and redemption charges thereof, of the maintenance charges of the road when completed, and the whole uncertainty as to how much more must be assumed by them in the way of direct taxes, in order to protect an original investment of the proceeds of such a bond issue.

Taxpayers will protect themselves by voting "NO" upon the proposition to bond the state through a constitutional amendment calling for \$2,500,000.00 for a highway from the Hassayampa river to Ehrenburg. To vote "NO" is the only way taxpayers can protect themselves. Indifference upon the question may result in having the supporters of the proposition, a real minority of the the qualified voters, slipping a stone of future indebtedness to bear down upon the necks of the future taxpayers, who today are in a majority in favor of reduced taxation, and incidental thereto, are in favor of conserving the use of all public funds, to such projects as will tend towards industrial development of the whole state of Arizona, of which the purpose of the proposed constitutional amendment is not one.

Comparative Statement of General County Taxes for the Years 1915 to 1922 Inclusive

Year	Assessed Valuation	General Fund	Road Fund	School Fund	Bond Interest & Redemption Fund	Total General County Taxes
1915	\$420,532,411.90	\$1,295,844.44	\$ 552,079.45	\$ 853,516.81	\$ 291,154.88	\$2,992,595.58
1916	486,406,518.50	1,286,732.06	521,006.50	901,136.77	390,426.12	3,099,301.45
1917	697,526,619.68	1,588,476.95	677,628.79	868,898.48	416,612.70	3,551,816.92
1918	834,020,532.22	1,756,830.50	750,572.07	1,097,623.56	527,946.92	4,172,973.05
1919	855,224,720.93	1,980,953.77	1,016,715.47	1,439,359.06	589,853.32	5,026,881.62
1920	884,455,682.50	1,899,732.80	1,228,385.68	2,072,152.89	873,208.27	6,073,479.64
1921	830,536,582.00	1,983,074.74	1,204,844.67	2,501,587.58	1,205,390.49	6,894,897.48
1922	732,021,286.00	1,912,894.86	1,159,094.23	1,707,414.48	1,625,659.82	6,530,067.71

What Causes the Tax Rate in Arizona?

During the month a great deal has been published in the various papers of the state as to what particular agency the state could be charged with high tax rates, and on the other hand which, if any, particular agency could be given credit for any reduction of tax rates. The various statements made and published have been misleading to the public either through ignorance of the makers of the statements or through design to be so misleading, hence a comprehensive review of the facts will be of value to those who really desire to know the truth.

General Appropriation Bill Fixes Amounts For Taxation

Up to the present year, every legislature passed a general appropriation bill, in which it provided a sum to be raised by taxation for the salaries and expenses of state officers, state employees in state offices, all payable out of the general fund of the state. To meet the aggregate of all such appropriations, together with a number of special appropriations resulting from special acts providing that those appropriations be paid "out of the general fund", the tax rate was in each year computed by the State Board of Equalization. That computation was made with respect to, and controlled by the total of the assessed valuations of all the taxable property in the state, and by the aggregate of all amounts payable "out of the general fund," dividing the one by the other as a purely mathematical computation controlled by a matter of the simple arithmetical problem which may be stated as

"What rate per dollar will it take to raise \$1,000,000.00 (or whatever the real amount needed for the general fund may have been in any year) with each dollar of \$834,000,000.00, (or what the actual aggregate of assessed valuation may be in any year), paying its proportion of that \$1,000,000.00". The State Board of Equalization neither raised the rate nor lowered the tax rate in any year. That board simply made a computation from figures at hand in its office.

In addition to what appeared in the general fund appropriations, the aggregate of which became a matter of computation in the manner as above described, the "general appropriation bill" of each year contained special appropriations for the support, maintenance,

expense, and improvement of the state institutions, and for special activities of the state, not commonly classed as "Institutions". No particular fund was designated as to be the fund into which such appropriations were to be paid when collected through tax levy and tax collections, consequently each of such special items became the special subject for the computation of a special tax levy rate. But in each such instance, the method of computation was no different from that method used in computing the rate for the "general fund," and as that method is described above in this article.

Continuing Appropriations Called For Taxes According to Previous Year's Expenditures

It is also true that prior to the present year, there were certain so-called "continuing appropriations" uncertain in amount, but for which a tax levy was authorized by law. The State Auditor prepared for the use of the State Board of Equalization, a statement showing all specific appropriations, and a statement showing deficits, showing expenditures and possible requirements to meet the "continuing appropriations", and it was this statement taken in connection with the aggregates of assessed valuations of all the taxable property of the state, which became the basis, and which furnished the figures required to work out the various tax rates, and the various computations to be made for that end, all as above stated.

Where the statutes of the state in any place fixed the amount to be raised for any purpose, that amount entered into the computations involved in fixing tax rates. Where the appropriations were "indefinite" but continuing year by year under so "much as necessary" provisions in the laws of the state, the amount to be used, and the amount to be raised for each such purpose, was as a matter of practice such an amount as the particular office, department or institution, suggested to the auditor as being necessary. Usually such an amount as equalled the expenditures for the same purposes, made therefor in the previous year. The State Board of Equalization used the figures which came to it through above channels, neither raised nor lowered them, and from those figures a state tax rate, and state taxes followed with a mathematically computed precision from known figures of valuations to known requirements as to amounts required to be raised by state tax rates.

Tax Values Made According to Adopted Systems

The valuations of the various classes of property appearing upon the tax rolls has each year since 1915 been fixed according to a fixed standard of values. The idea of that standard has been to arrive as nearly as possible at the real cash value of each such class of property. The point advanced is, that the method, the system, or standard, through which such cash values have been ascertained in each year, so ascertained for the purpose of putting an amount upon the tax rolls of the different counties of the state, has remained unchanged during all that period. If the assessed valuations of any class of property has changed in any year, that change has resulted from the application of the adopted system, adopted standards, and adopted methods, to the conditions surrounding that particular class of property year by year. Those conditions may have changed. With that change, the aggregate values of any particular class of property—classed for purposes of taxation—may have changed likewise. But the final values, as finally fixed, are not values which have been arrived at in any haphazard manner, and the aggregate of all values of all property in the state, becoming fixed and determined according to continued application of the same system for a determination of those values, is in that sense a value as to which no body of men, no state or county official, can be praised or censured.

The legislatures have made appropriations. The legislatures have in many instances been induced to make those appropriations through response to demands of the public. The various executives of the state have approved those appropriations, in response to the same influences. If the public had not made the demands, if those demands had not been for increased appropriations for schools, for roads, for other old or new state activities, the present state budget and the present state tax rates would not have existed.

There will be nothing gained in the way of reduced expenditures nor in consequence of reduced expenditures a reduction in the amount required to be raised by taxation for the support of all public activities, through any attempt to "pass the buck" from one officer to another, nor from one department of state to another department of the state. Nor, if a reduction is to be made in the amounts to be expended for county purposes, for city purposes, and for town purposes is to be accomplished, nothing will be gained by passing the

blame for the present conditions upon any officer, board or commission.

Where the Public Demand Expenditures That Public Must Pay the Cost in Taxes

The root of the whole matter started with seeds planted by a demanding public. The public of Arizona has demanded the incurring of expenses, have demanded the making of expenditures for various public activities, such activities as have permeated the whole system of government in the state, from the state itself to the very lowest taxing district which exists under state laws, including in the ladder of descent, the cities, towns, school districts and other districts. The public has voted its bond issues. Those issues have permanently increased the amounts upon the tax rolls for interest upon those issues, and for redemption purposes of the principal of the bonds. If the public finds itself with an enormous bond issue, with largely increased taxes due thereto, then that public, or the particular portion of the public which voted affirmatively upon those issues, have no one to blame but itself. If bond issues have been voted through votes of those who favored such issues, with a large majority of the taxpayers not voting at all then through the indifference of the latter, their silence gives consent, and they are now paying the bills in increased taxes through the effect of that silence. They are paying for their own laches. They are learning the costly lesson of paying no attention to matters affecting their tax rates, until too late.

There may have been extravagance in the actual use of public money by officers intrusted with the duty of giving effect to what has seemed to be the "will of the public" that such activities should be and become "public activities" and be supported by tax money. But those extravagances are but an incident to, but not the real cause of the present public financial situation.

To the full extent that the public has demanded, to the full extent that administrative and legislative officers have acquiesced in those demands, and to the full extent that the result is that the people in general have found themselves burdened with more public expense than they can afford to pay, then the public, individually and collectively must shoulder the blame for that resulting situation. If the situation is to be corrected, then the public must come to see the beam in its own eyes, before looking for the mote in the eyes of its officers.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, NOVEMBER, 1922

NUMBER ELEVEN

A Pyramid Showing the Increase in Interest Charges
Paid From County Taxes of all the Counties in
the State Since 1915 and Including
Amounts Upon Tax Rolls for
the Present Year 1922

Year	Bond Interest and Redemption Fund
1915	\$291,154.88
1916	\$390,426.12
1917	\$416,612.70
1918	\$527,946.92
1919	\$589,853.32
1920	\$873,208.27
1921	\$1,205,390.49
1922	\$1,625,659.82

Net Increase in Interest of \$1,334,504.94 in Seven Years

EDITORIAL COMMENT

A VICTORY FOR ECONOMY

With the majority of the people of this state one hundred per cent for economy it is gratifying to this Magazine that proposed amendment number one hundred went down to defeat through the ballots of the people of the state. The proposition to bond the state for two million five hundred thousand dollars for a paved highway via the Hassampa river to the Colorado river near Ehrenberg was voted down.

This Magazine has several times alluded to the fact that increased taxation, and taxes for purposes not really necessary, or taxes which became a burden upon the taxpayers and property owners of the state are in fact a burden upon every citizen of the state, whether that citizen be a taxpayer or not. That taxes are expenses which must be borne by every business activity of the state, by every industry, and every piece of taxable property is a proposition which admits of no argument. Excessive taxes for the purpose of raising money for expenditures for unnecessary public purposes of the state, the counties or cities of the state, become indirectly burdens upon every person in the state. The purchaser of the necessities of life pays a portion thereof which must necessarily be added to the cost of what is purchased. The person who rents a home pays through increased rents, a portion of that extra burden of taxes. No matter in what walk of life the particular citizen may be, no matter whether that citizen be rich or poor, so far as worldly goods go, a portion of their respective incomes must go towards an indirect contribution to high taxes and excessive and unnecessary taxes.

Whole Public of Arizona Opposed to Additional Public Indebtedness and Consequent Increased Taxes

The result of the ballot upon several proposed amendments to the constitution through which state bond issues would have been authorized, is, as said above, gratifying in that such result appears to disclose the fact that the entire people of the state are beginning to realize that each individual voter of that

entire people is directly concerned, if a taxpayer, and indirectly concerned if not a taxpayer, in the amount which is expended in connection with each and every activity of government through which and by which tax levies result.

The framers of the constitution of this state when that constitution was adopted avowed a principal and policy that only property taxpayers of the state or of the particular subdivision thereof to be affected by any proposed bond issue could vote upon that proposition. At a special election two proposed amendments to the constitution through which additional bond issues could be authorized were voted down. Then came the proposition to authorize an issue of \$2,500,000.00 for a special highway to the California line. That proposition came before the whole electorate of the whole state. Whatever purpose may have been intended; however much the advocates of the plan may have overlooked the real intent of the constitution as above alluded to, that only property taxpayers be qualified to vote upon the question of bond issues; or however much those same promoters of a plan to increase the indebtedness of the whole state, may have intended to play upon the old idea which has for many years seemed to control the voting public, that idea of let's have it as it will not cost us anything. All these notions have been brushed aside. It has become apparent to the majority of the voters of this state, that it does cost them something when any proposition is voted which increases the burden of expenditures of public money and incidentally increases the tax rates of the state or any subdivision thereof.

The changed attitude of the general public upon the question of voting bonds as public debts is a good omen which foretells a return to the sane and safe thrift and conservatism of our forefathers. A return, or at least one decided step towards such a return, to the substantial and safe policy which permeates not only public, but private affairs, that policy of providing for every actual necessity. Providing for such improvements as will in turn show results in direct benefit to real progress and up-

building of the state, and on the other hand discarding every proposition which has no favorable recommendation except it be that convenience and the satisfaction of tastes for luxury and comfort.

It may not be too much to say, that the spirit of the people has changed. With taxes reaching heights that are mountain high, so to speak. With those heights reached through an indifference as to costs, if those costs did not immediately concern the particular voter. There seems to have been a reversion of form. If the result of the voting upon proposed authority to authorize bonds of the state is any indication of such a reversion, then is it safe to say, that the people of Arizona have lined up to the old idea, that idea of having what they can afford to have, and having what is really necessary and indispensable, leaving all else to wait such an opportune time, as the people can afford to pay the cost without a struggle amounting to real hardship, as an incident to such a payment.

Retrenchment to An Extent of Refraining the Voting of Unnecessary Burdens Is True Economy

This Magazine does not intend and does not mean to be understood as standing for any such retrenchment in the matter of public expenditures as might or could, if carried out, retard the material progress and advancement of the state. It has always contended, and will continue to so do, that a limit must be placed upon what may be presently done through the use of funds. It has always contended and still does, that the public may attempt to overreach and go beyond what may safely be done. That it may assume obligations in connection with public activities, beyond the present ability of the taxpaying public to pay. That the question of real ability to pay goes hand in hand with every proposed public undertaking. That if an undertaking seems to be a necessity towards public good and public welfare, the fact that it is so, is only one factor for use in deciding whether the public should undertake that particular proposition. Nothing should be attempted

(Continued on page 8)

PUBLIC BONDS SHOULD BE AUTHORIZED ONLY BY REAL PROPERTY OWNERS

Every time a public bond issue is voted that bond issue becomes a tax lien upon every dollar's worth of taxable property of the particular division of the state or county for the purposes of which that bond issue is voted. The lien of those bonds when voted extends during the entire period for which, according to the terms of the bonds, the principal is made due and payable. That period may be fifteen, twenty or twenty-five years, varying in duration according to the ideas of the promoters of the bonds as to when that principal can be paid. Those promoters attempt to look into the future, and attempt to say that the taxable property of the district or subdivision of the state affected by the bonds will, during the entire period over which the bonds run to maturity, be sufficient in value for taxation purposes to permit a tax levy to an amount sufficient to pay interest upon those bonds, to pay annually such portions of the principal as according to law or the terms of the bonds, may become due and payable, towards redemption of those bonds. In other words, every bond issue becomes an attempt to forecast the future as to—taxable values of taxable property. Some classes of property which may exist today, vanishes as an asset of tomorrow. Riches take wings and fly away so to speak, when, as to personal property, or as to property temporarily in a given location because the owner thereof is in that location, the final destination of the situs of that property for taxation property, depends upon the whims and will of its owner. The uncertainties of life and of death enter into the problem as to that class of property. The ownership may be in Arizona today, and somewhere else tomorrow. Stocks, bonds, and money; with other personal property follow the owner thereof from one place to another, a change of ownership may result in a change of location of any such or similar class of property as a taxable asset.

There is, however, one class of property the situs of which is fixed and determined. That is real property. No portion of the one hundred and seventy thousand square miles of real estate within the boundaries of the state of Arizona can take wings and fly away. Every foot of that soil will remain always to bear its proportionate share of the burden of taxes incident to maintaining and paying for the costs of government within the state, and incident to paying all public indebtedness heretofore or hereafter created.

The history of the world has disclosed the truth that the stability of progress has been maintained by and in proportion to the increase of real

settlers and real home builders in any place. Here and here to stay, as connected with a habitation permanently erected in any given locality, places a monument of progress that is never eliminated. From the soil comes the real wealth of the world is the creed of many. Certainly, and whether that creed be true or be false, it is true that the land upon which we walk is at all times a fixed quantity from which to determine the amount that may be taken by taxation for any public purpose at all.

Transient property can be relied upon only to be subjected to the burdens currently incident to public expenditures. Real property stands upon a different basis. If it is pledged to the extent of its value for either private or public debts, its intrinsic value may change from time to time, but whatever its value, that value remains in one place at all times.

Taxpayers who have homes. Taxpayers who have real property. Each imbued with the thought that those homes and that real estate has some unalterable and fixed value including permanency of value. Such taxpayers are prone to look well into any proposition which has for its object a direct or indirect mortgage upon that land. Taxes are liens upon property. Public bonds are mortgages upon land. If all the personal property of a locality should be removed and with that removal no longer subject to any enforcement of taxes levied against it, the real property must still remain. So remaining would be at all times subject to the lien of taxes and to the indirect mortgage of public bond issues. Real property cannot escape its tax burdens. The owners thereof may change, but those liens and those bond mortgage burdens follow the soil into successive ownerships. If the father votes a bond issue, for public purposes, he knows that his children may have to pay or lose the old homestead, farm or ranch. If the young man votes a bond issue, he knows the burdens thereof will follow his home, his farm, or his ranch until at maturity it is paid.

The father is looking ahead to the welfare of his children when he passes away. The young man, who risks all for the present, is looking to a life free from unnecessary hardship and burden in his reclining years. From either the father or the young man, it may be reasonably expected that any action which may be taken by them be guided by thoughts of future safety, of future conservatism, and real security against overreaching in the present regardless of the future.

Just as truly as the stable wealth of the world lies in the value of the earth's surface, it is true that every owner of any of that surface may be

dependent upon to protect himself and his posterity against any untoward circumstance which will deprive either of that holding through any reason of any self-inflicted burden upon that holding which might ultimately destroy that holding.

The people of the state of Arizona must live and thrive. There may be elements of that people who take no thought of tomorrow. But that element will never be counted among those who look to future prosperity, happiness and a debt free population of the state in which they live.

The idlers, the wasters, the hand to mouth livers among the citizenship of this state should not be considered in connection with any really permanent plans for the ultimate development of the state. Permanent progress, stable progress was never attained at any stage of the world history, through the control of affairs by pleasure loving, no care for tomorrow, majorities of the people, of any day or age.

All of the foregoing may seem foreign to the title of this article. But it is not so. In a final analysis of the whole situation. When the ultimate future of the state of Arizona is to be critically considered. When real progress depends upon present action and power to act, who among the many voters of this state can certainly be depended upon to use their votes for that real progress? That is the question before our readers. Will it be the voter who flits like a butterfly from flower to flower, sipping the sweets of today with no thought of the cares of tomorrow, or will it be the voter whose heart and whose soul is bound up in the burdens of toil, that from that toil he may reap a competency for the future?

The answer to all questions appearing in the above discourse seems perfectly obvious. That answer is, that those who must ultimately and at all hazards pay, should have the controlling voice as to what should be paid. Real property taxpayers must ultimately pay all bond issues which are authorized by any vote of today. That is the ultimate result, then it is just as apparent, that only real property taxpayers should have a voice in voting the public bonds today which must be paid in the future.

While opposed to some amendments to the constitution of this state, this Magazine is firmly fixed in connection with the proposition, that such amendment to the constitution should be made as will prohibit any further public bond issues in this state, whether for one purpose or any other public purpose, except such bond issue is voted only by a majority of the REAL property owners and taxpayers of the state.

The Cost of Maintaining the Common Schools and High Schools of the State

No one branch of the various departments of the state and counties of the state, has shown more advance in the cost of administering the activities thereof, than the cost of the common and high school system of the state. In making this statement there is no insinuation that the present cost of maintaining the schools is more than it should be in order that a high grade system of schools be supported and maintained.

If the figures presented below, and which show county by county the average daily attendance in both the common and high schools of the state; tables which show also the total maintenance cost of both those classes of schools in each county; tables which show as well the per capita costs of each, all compiled from actual reports of expenditures complete for the fiscal year ending June 30, 1922, are figures which vary in amounts as compared with per capita costs in various counties, that fact carries no particular significance as any indication that the schools of one county are maintained more economically than the schools of another county.

Until Some Unit System of Control is Established, There Can Be no Uniformity in Cost of Maintaining Schools

If at first impression the query were to be made, as to why the per capita cost of maintaining high schools, varies from \$376.07 to \$134.76 in another county there would be no common basis from which to judge whether or not one cost

was too great or the other cost too low, due to the fact that there is no absolute uniformity in the courses of study pursued; no uniformity as to amounts paid for salaries, nor any required uniformity as to school furniture, or as to school supplies outside of free text books; nor as to what educational appliances are to be provided in connection with educational courses in those schools. All of these things and in other details connected with the actual operation of schools, are left to the differing ideas of the school trustees of the respective schools, and in consequence the differences are as varied in that regard almost as much as those differences would exist in connection with any other subject left to be handled by numerous committees, boards or commissions.

There will never be established and maintained any uniformity in the costs of maintaining either high schools or common schools of the state until the power of prescribing what shall and what shall not, be included as a part of the required courses, furniture, school fixtures, and educational paraphernalia, has become a centralized power. Nor even with such a power centralized in some controlling unit of power, the uniformity of cost would not be attained except through a centralized unit of purchasing power.

The foregoing features have been often discussed in this Magazine and the arguments for and against the establishing of such unit systems presented.

The brief allusion thereto at this time is made in connection with the tables presented, that our readers may once more bear in mind those arguments, and having them in mind, will not arrive at any false conclusions in the way of attempting to compare the different costs per capita and otherwise, as shown by those tables.

Individual School Boards Must Work Out Any Possible Plans For Reduced costs of Schools of Their Districts

If the different boards of school trustees were interested enough to investigate the details of what is actually included in the items which go to make up the lower per capita rates, and from that investigation ascertain what might be dispensed with in the same class of schools where the per capita cost is higher. If this were done it might be discovered that some expenditures were made, not wholly necessary, and which, in the interest of economy and relief to taxpayers, and to the extent of such unnecessary be dispensed with, and educational results remain unimpaired. Under the present system, any reduction in the cost of maintaining the public school system any economies therein which can be enforced, must be arrived at through the earnest efforts of each individual board of trustees, with each of whom now rests the responsibility of any over-expenditure, or lack of economy in the conduct of the particular schools under their control.

Cost of Maintenance of Arizona Public Schools for the Year Ending June 30, 1922

HIGH SCHOOLS

County	Average Daily Attendance	Total Maintenance	Per Capita Costs
Apache	145	\$ 41,773.58	\$288.09
Cochise	1,142	211,386.02	185.10
Coconino	101	37,983.13	376.07
Gila	879	111,017.23	292.92
Graham	106	21,858.69	206.21
Greenlee	255	73,389.96	287.80
Maricopa	2,460	385,955.39	156.89
Mohave	68	15,881.25	233.55
Navajo	176	36,603.64	207.98
Pima	667	89,881.60	134.76
Pinal	160	54,115.84	338.22
Santa Cruz	113	28,775.17	254.65
Yavapai	304	80,203.66	263.83
Yuma	260	39,713.06	152.74
State Totals and Per Capita Costs	6,336	\$1,228,538.22	\$193.90

GRADE SCHOOLS

County	Average Daily Attendance	Total Maintenance	Per Capita Costs
Apache	906	\$ 74,842.05	\$ 82.61
Cochise	6,988	604,245.02	86.56
Coconino	1,048	113,543.54	108.33
Gila	3,757	395,077.11	105.10
Graham	2,253	137,769.34	61.18
Greenlee	1,861	148,017.55	79.54
Maricopa	12,842	1,065,956.81	83.01
Mohave	707	62,956.50	89.04
Navajo	1,737	143,961.11	82.88
Pima	4,597	376,976.09	82.00
Pinal	1,683	147,773.47	87.80
Santa Cruz	1,573	129,927.91	82.59
Yavapai	2,834	333,530.77	117.69
Yuma	1,776	123,041.09	69.28
State Totals and Per Capita Costs	44,562	\$3,857,618.36	\$ 86.57

Property Taxpayers Should Remember that the Public Indebtedness of the State, Its Counties, Cities, Towns, School and Other Districts, Aggregate Over \$45,000,000.00, and Cease Voting Further Bonds

When the 1913 legislature had ceased its law-making it had placed among the statutes of this state, a law relating to county and municipal bonded indebtedness, under the provisions of which counties, school districts, cities, towns and other municipal corporations, were authorized to issue bonds for the construction and re-construction of roads, bridges and highways, for the construction of public buildings and other lawful purposes. This statute by its terms was cumulative of powers conferred in other acts, which also related to powers of school districts, cities and towns, to vote bonds in certain cases. Through the effect of this law, there commenced an era of county bond issues. The result of what has been done in the way of county bond issues, appears in the table upon the front page of this magazine, which shows that the total amount of interest paid by the various counties of the state for the year 1915, was only \$291,154.88, an amount of interest charges which has increased from year to year until it has reached the total of \$1,625,659.82 for the present year 1922.

In a previous issue of this Magazine figures were presented showing that the entire bonded indebtedness of the state, its counties, school districts, cities, towns, and other municipal corporations, amounted to over \$43,000,000.00. And is a fact that since those figures were given, still other bonds have been authorized and sold, to an amount which brings the total up to approximately \$45,000,-

000.00. In selling these bonds, many thousands of dollars have been used to pay "fiscal agents" and so-called "commissions", so that the real cash available for the public purposes for which those bonds were voted has been reduced to amounts ranging from ninety per cent of the face value of the bonds issued to one hundred per cent of that face value. The result of these subterfuges was to market the bonds at a price which would net the buyers an interest rate of six per cent and even more on the actual money by those buyers invested in the bonds.

When the counties are paying a total of \$1,625,659.82 as interest upon strictly county bond issues, and when the total bonded debt as above outlined amounts to \$45,000,000.00 upon which interest is being paid at an average rate of six per cent for the money actually received, the taxpayers of this state as a whole, are today facing interest charge payments which must be met through taxation, of approximately \$2,700,000.00 per year.

Bonded Debts With Interest and Redemption Charges to Be Met By Taxation Are Inflexible and Continuing

The question of interest charges to be paid upon public bonded indebtedness is one which concerns the taxpayers of the state for years to come. There may be partial payments upon bond issues, those payments are met by taxation, the ultimate result is the same, or even worse, in its effect upon the actual amount of taxes to be raised for payments of both interest and principal of the bonds. For instance, when the time arrives that five per cent of the principal of bond issues must be taxed in addition to the interest upon the amount of principal unpaid, that five percent payment upon principal will require \$2,250,000.00 per year, in addition to the interest charges. That means, as a general proposition, that interest charges to the amount of \$2,700,000.00 must be paid annually upon the \$45,000,000.00 of entire bonded debt above referred to, until such time as it becomes necessary to commence to tax to pay principal. Then if that principal is retired at the rate of five per cent per annum, the first year when retirement commences, it will be necessary to raise approximately \$4,950,000.00 in taxes for bond purposes. This amount will decrease year by year

thereafter, only to the extent of interest upon each five per cent installment paid upon the principal, or at the rate of \$135,000.00 per year of such decrease.

Thus the taxpayers of this state face a continuing burden of taxes for bond indebtedness purposes which will soon amount to the sum of \$4,950,000.00 per year, and which amount will continue such a burden, slightly decreased as above each year, for periods ranging from fifteen to twenty-five years into the future. There is no escape from this situation. The taxpayers must submit to, and pay taxes sufficient to discharge those obligations already created as public debts.

The situation appears to be one requiring calm and conservative thought upon the part of property taxpayers. In voting bond issues in the past, have those taxpayers taken into consideration the real extent of the actual burden which they were assuming for the immediate present and for years into the future. Whether they have done so or not, the result of their action appears in the figures above given. The proposition which now confronts the public, is to meet the payments with as good grace as possible, and make the best of a bad situation.

But what of the future. That future has in store still more and more plans in public activities which can be consummated only through more and still more public bond issues. Has the public got enough, or can it stand still more? That is the question which will be constantly confronting taxpayers qualified to vote upon more bond issue propositions..

When Present Taxes Are Oppressive No Further Unnecessary Burdens Should Be Voluntarily Assumed Through Bond Issues

When the entire public of Arizona is confronted with a volume of taxes for all purposes amounting to over \$17,000,000.00 per annum; when thousands of dollars of that amount remains unpaid and delinquent upon the tax-rolls, for the reason that the property taxed can not under present financial conditions be made to earn enough money to pay those taxes; when honest efforts exerted by well-meaning people, imbued with ideas of attempting to "make both ends meet", as the saying is, results in an almost impossible strain on an uphill pull

(Continued on page 6)

30, 1922

HIGH SCHOOLS & GRADE SCHOOLS

Average Daily Attendance	Total Maintenance	Per Capita Costs
1,051	\$ 116,615.63	\$110.96
8,130	815,631.04	100.32
1,149	151,526.67	131.88
4,136	506,094.34	122.36
2,359	159,628.03	67.67
2,116	221,407.51	104.63
15,802	1,451,912.20	94.88
775	78,837.75	101.73
1,913	180,564.75	94.39
5,264	466,857.69	88.69
1,843	201,889.31	109.54
1,686	158,703.08	94.13
3,138	413,734.43	131.85
2,036	162,754.15	79.94
50,898	\$5,086,156.58	\$99.93

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PROPERTY TAXPAYERS SHOULD REMEMBER THAT THE PUBLIC INDEBTEDNESS OF THE STATE, ITS COUNTIES, CITIES, TOWNS, SCHOOL AND OTHER DISTRICTS AGGREGATE OVER \$45,000,000.00. AND CEASE VOTING FURTHER BONDS

(Continued from page 5)

in an endeavor to make the grade; with many such persons finding it impossible to make it, no matter how hard they may strive, save and plan; with this situation, and with the time at hand when nearly twenty-five per cent of the entire volume of taxes must be raised and used to meet bonded interest charges and redemption of bonds already issued, it would seem almost certain that the situation is such that no more bonds should be voted.

With the present situation as it is, good business judgment seems to dictate that further public improvements which cannot be paid for from the annual tax levies, but which requires still more bond issues should be held up until such time as business conditions take an upward trend. Let the public catch its second breath under its present load of taxes before any more is by the public itself voluntarily added to the present load of taxes due to bond issues, and which load must be carried to the end of the life of those bonds.

The property taxpayers of this state, and of every subdivision thereof, have it in their power to control the matter of future bond issues for any public purpose at all. They can vote more bonds, or help themselves against further tax loads by refusing to vote them.

The Taxpayers Must Provide Maintenance Funds for Bond Built Highways or Lose Their Investment

There is still another feature as connected with issues of bonds for highways and bridge purposes. In efforts to complete as many highways as possible the highway bond funds, and county highway funds, in some counties, at least, have been pooled for new roads. There exists at the present time no requirement in law that any particular amount be raised and set aside to maintain highways built from bond funds. It is certainly not good business to overlook the necessity of repairs to highways for the construction of which millions of dollars of public money has been bor-

rowed through bond issues. If necessary repairs are neglected through lack of funds for the purpose, the depreciation of the roads will increase faster than otherwise. There may be some difference of opinion among engineers as to how fast a concrete pavement, a black-face pavement, or any other paved highway will depreciate through wear and the elements. Whether that depreciation amounts to three, four, five or more per cent of the first cost of the highway, it must be made good at public expense. The cost thereof must certainly be borne by the taxpayers. That cost, whatever it may be, will, as years go by, and even before the bonds are paid, amount to approximately as much as the interest charges upon those bonds.

Again it is suggested that no more bonds be voted for public purposes until the way is cleared in such manner that present obligations can be taken care of without undue sacrifice upon the part of the taxpayers of the state.

THE REDUCED ASSESSMENTS FOR 1922

In making up the valuations of property in the several counties of the state, for purposes of the tax-rolls of 1922, the assessing officers found that actual cash values had decreased from what those values had been in previous years. This decrease in value was not in connection with any particular class of property, nor confined to any one locality of the state. The peak of high values which had been attained through the war period, was found to have been gradually lowered with a partial return to a more normal condition of affairs due to a cessation of that war, with the result that real values at the lower point of valuation are what it is hoped will continue as the normal stable and continuing value of property.

It was apparent to the assessing officers that those abnormal valuations which had been the basis of prior tax levies, resulted in amounts extended against the property of taxpayers in excess of what those taxpayers could pay. The lowered price of products, the lowered salary and wage lists in many of the trade and commercial activities of the state had resulted in lessening the ability of all taxpayers to respond to increased demands in taxes for the support of public activities. The assessing officers of the state could and did, to an extent shown by the table which follows, come to the relief of taxpayers by fixing assessment values at a lower amount than in previous years.

The relief thus afforded taxpayers is

not complete. The legislature in its special session of 1922, recalled all unused appropriations, standing to the credit of funds raised for special purposes of the past, but not used for those purposes, and placed those unused funds to the credit of the general fund, and provided that all amounts, with some few exceptions, appropriated for any purpose, for the year 1922-1923, should be paid from that general fund. The effect of all this was to do away with all idle and unused money, as such, in the treasury of the state, and bring those funds into activity for actual use that taxpayers for the year 1922 should not be called upon to pay more taxes when there was money already paid into the treasury in previous years, belonging to those taxpayers, and which had no present purpose of use.

Thus it will be seen that with reduced assessed valuations, and with the use of inactive and lapsed appropriations, the taxpayers of 1922 have received all the benefit possible which could be received in the absence of legislation reducing the number, purposes, and amounts for which expenditures must hereafter be made, and for which future taxes must be raised.

With All Idle Funds Used, The Tax Rate For 1923 Must Provide for The Authorized Expenditures of That Year

In other words, the action taken as above outlined, is action which will not carry relief beyond the particular year, 1922. Commencing with the year 1923,

at is, the tax rolls of that year, the tax
tes will of necessity have to be in an
ount per hundred of assessed valua-
n, sufficient to pay the entire amount
authorized expenditures, aided only
such other sources of state revenue as
ll accrue during that year. There will
no "idle funds" nor balances in "un-
ed appropriations" of previous years,
be used toward a reduction from the
al appropriations for that year 1923,
th any resulting reduction in tax levy
es. This is so, for the simple reason
t all those "idle funds", and all those
used appropriations" will have been
taught for the purpose of the present
t year, 1922. When it is said that
se funds will be "exhausted" it may
added that the only modification of
t statement will come, if at all,
ough efforts of administrative offi-
s at such economy in the matter of
penditures, as will make the actual
e of funds less than the total appro-
ated. In that event, the unused por-

tions will of course inure to the benefit
of the general fund for a new year.

Having in mind the real condition of
affairs, as pertaining to the actual cost
of the administration of affairs of state
in Arizona, the assertion may be made
again, that valuations of property for
the purposes of taxation, is no basis for
any determination of the question of
whether public expenditures are high
or low. That, whatever the assessed val-
uations, from that valuation, at some
rate sufficient to raise the total of auth-
orized expenditures, taxes will have to
be raised and paid by the mass of tax-
payers of the state.

The key of the problem for reduced
taxation is that of reducing appropria-
tions, reducing demands for public ac-
tivities, and wherever possible, reduc-
ing the expenses of administering the af-
fairs of the public. If present appropria-
tions arise through constitutional
provisions wherein those appropria-
tions are fixed and made permanent in

amount, then the people alone can fur-
nish the key for a reduction of the taxes
which arise therefrom. If present appropria-
tions are based on laws passed by
the state legislature, that body alone
can furnish a similar key towards tax
reduction.

What Economies May Be Effected Is For Legislative Determination

It is not the province of this article to
attempt to point out just where the ex-
pense of the conduct of any present
state activity could or might be reduced.
Nor, to attempt to point out any particu-
lar state purpose which could be car-
ried out and its aims accomplished with
a decreased appropriation therefore.
Nor, to attempt to point out which, if
any, public activity, could be dispensed
with, or consolidated with some other
activity, and thus lessen the amount of
funds required to the same end of pub-
lic good and public requirement. All the
purpose of this article is to suggest that
simply because the assessed valuations
of the property of the various counties
of the state has been reduced by an
amount of \$98,515,296.00 from what
the value was in the previous year, has
no significance as a matter of taxes ac-
tually reduced. The purpose of this ar-
ticle is to impress upon the minds of the
public and its legislators, that relief
from tax burdens must come through
real action directed to and carried out,
by which the total amount of appropria-
tions for any purpose, and for the ag-
gregate of all state purposes, is reduced.

Reduce the requirements for expendi-
tures. Reduce the amounts of appropria-
tions. Do each where possible. Follow
those reductions up with all possible
economy in actual use of funds finally
appropriated. With all this done taxes
will be reduced, regardless of assessed
valuations, whether high or low.

ASSESSED VALUATIONS OF THE VARIOUS COUNTIES FOR THE YEARS 1921 and 1922

County	1921 Valuation	1922 Valuation	Decrease
Cochise	\$ 9,133,993.00	\$ 8,776,318.00	\$ 357,675.00
Cochise	156,258,080.00	143,525,605.00	12,732,475.00
Cochise	21,007,121.00	20,128,235.00	878,886.00
Cochise	145,974,824.00	124,067,362.00	21,907,462.00
Cochise	13,487,202.00	12,480,418.00	1,006,784.00
Cochise	35,502,750.00	24,911,059.00	10,591,691.00
Cochise	129,841,675.00	116,826,456.00	13,015,219.00
Cochise	22,925,888.00	20,113,636.00	2,812,252.00
Cochise	12,145,669.00	11,393,701.00	751,968.00
Cochise	61,314,380.00	56,001,132.00	5,313,248.00
Cochise	65,408,019.00	52,809,912.00	12,598,107.00
Cochise	13,019,995.00	12,013,806.00	1,006,189.00
Cochise	122,360,179.00	107,909,313.00	14,450,866.00
Cochise	22,156,807.00	21,064,323.00	1,092,474.00
TOTAL	\$830,536,582.00	\$732,021,286.00	\$98,515,296.00

Public Officers Must Commence to Plan for Economy, or Taxes Will Increase Beyond Previous Years

assuming that every taxpayer of the
state realizes that something must be
done to relieve against the constantly
increasing amounts of public budgets to
be met by taxes raised from the property
of already over-taxed property owners,
the question of what may be done and
how it is to be done is the all important
public question of the day.

The answer to that question is the an-
swer of "ECONOMY" in the transaction
of public business.. As a part of that
answer, including the same idea of

economy, is in the lessening of demands
for public service at public expense, the
lessening of demands for public enter-
prises of more or less doubtful value to
the public as a whole. Still further, that
word economy carries with it a mean-
ing of doing without everything except
actual necessities.

The rub comes when an attempt is
made to curtail the cost of transacting
public business. The habit formed from
long practice, that habit of expending
from funds which are more or less unlim-

ited in amount, is a habit which is as
hard to cure when applied to public
transactions as it is when applied to pri-
vate life. To illustrate, let the reader
consider any period of his life when his
income has been materially reduced.
Perhaps the present condition of affairs
may, unfortunately, perhaps, bring home
to each of us, that our incomes have been
reduced during the past three or four
years, so reduced, through no fault of
our own, but nevertheless reduced. The
proposition then confronts us of how to

make both ends meet. That proposition includes the necessity of either cutting down expenses or running in debt. Just where are the cuts to be made? Habit of living, including the ability to pay to indulge those habits, have been formed in more prosperous times; which can be abandoned, without real loss of real comfort, real happiness and real contentment. All will appreciate that it is no easy matter to reduce the scale of living. When a position in life, whether it be a business position, social position, or whatever that position may be, human nature rebels against going backward. But, however strong human nature may so rebel, there come periods in life when real progress for the future depends upon "backing up" and then trying to get a new start. That backing up process in financial matters means retrenchment in the matter of expenditures. If applied to private affairs, the attempt at retrenchment is accompanied by a resolve that such retrenchment must be made, which resolution must be carried out, to bring successful results. If it so happens that the plane of living has been placed at too high a limit. If one person in a community finds that the plane is too high to be continued; Then if several persons in that same community realize that as to each of them the same thing is true, then all must retrench for the same purpose. When the entire community has come to a realization that it has been going too fast, there remains but one thing to do, the plane must be placed upon a lower level, and the speed of going must be decreased. The word "must" is an obstinate word. It is a word which is obnoxious to most of us. Individuals are prone to temporize with themselves and their acts before applying thereto that word must in its effective meaning. Yet, however obnoxious it may be, however reluctantly persons actually do apply that word to themselves for their own course of action and conduct, there are times when no other word will fill the requirements for a desired end.

The entire country has been going at too rapid a pace. The scale of living in private life, the scale of public activities already undertaken and proposed, seems to be higher than can be safely maintained. Efforts of today when directed to attempts towards a continuation of that pace, are efforts which appear to be misguided and misdirected. The conditions which made that pace possible no longer exist to support it. Without such support through surrounding conditions that pace of reckless expenditure cannot be maintained either in private life or in public affairs.

The Scale of Public Expenditures Must Be Reduced to Conform to the Earning Power of the Public

Pioneering perhaps in this article, it is believed that the time has come when the word "must" needs to be used and applied to the affairs of the times, whether those affairs be private or public. The whole public must come to realize that it must economize in the matter of its expenditures. When individuals find, as they have found through stress of circumstances over which they have no control, that reductions must be made in outlays for private purposes, and private expenses, it follows that those same conditions, that same stress of circumstances which requires private retrenchment in private expenses and in private undertakings must be recognized in connection with public expenses and undertakings. The conditions which control the one, extend and apply to and of necessity control the other. The ability of the public to conduct its affairs with safety and without oppressive burdens upon the individuals composing that public, can be no greater than the combined ability of the units of individuals in that public. Lessen the financial ability of those individuals to respond to the financial demands, and it follows that the financial ability of the whole public is correspondingly lessened.

When the Public Cannot Pay its Taxes Its Authorized Expenditures Must Be Reduced

The "must" which individuals find it imperatively necessary to apply to themselves as individuals, is the same "must" which just at present should be applied to public financial affairs. Just what may be the details as to how that application shall be made in the latter case is the real problem. The only general answer which can be made is that until the whole public is able to recover from present stagnation, and until the wheels of progress in private business and private affairs can be made to turn again to full capacity, that answer is embodied in the word "ECONOMY". Economy to the fullest extent, and in the most comprehensive and unlimited meaning of the term as applied to public expenditures. The future progress of this state, if that progress be placed upon a firm foundation, must be based upon a return to true principles of economy based upon real necessities, and confined to required and actual efficiency in the administration of all public purposes and objects.

A Victory for Economy

(Continued from page 2)

which is not such a necessity, and whether necessary or not, any proposition should not be attempted through the use of the credit of the public, or through the power of taxation, except the public can really afford the cost.

The people of the state have been wrestling with both of phases referred to above. That people seem to have considered each of those phases in connection with votes upon further bond issues. The answer seems to have been, either that the proposed \$2,500,000.00 was not necessary, or that the public could not afford to incur the indebtedness under existing financial conditions of uncertainty. In either event the result discloses the fact that the people are once more wide awake to everything that may effect the financial situation of the present and future.

This Magazine at all times oppose No. 100. It did so for reasons which have been heretofore discussed at large and at length. Briefly those reasons may be summarized. That summary included the fact that one highway to the Pacific coast is already financed and in the course of construction and nearly completed. That summary includes also the fact that the highway already under course of construction will benefit many communities along its route, a situation not present in connection with the defeated bond measure. That summary includes also the fact that the proposed bond issue would have been only a starter towards the actual cost of a serviceable highway with bridges lacking and pavements lacking in California to make it really serviceable for its intended purpose. That summary includes the proposition of making it possible for people of Arizona to trade at home in home markets and with home merchants.

Let the Public Boost for Economy and Prosperity Will Return

Let the boosters for proposed Amendment No. 100 take a calm review of the result. Let them exert the same energy which was exerted in support of that defeated measure, towards real and true economy so far as consistent with efficiency in the sure and safe upbuilding of the many possibilities which exist for progress in Arizona, and by so doing with an appreciation of what the whole people desire in the way of confining public outlay to public necessities, those boosters will in the long run wrest victory from a temporary defeat, and finally bring about a greater Arizona.

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Phoenix, Ariz.
Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME NINE

PHOENIX, ARIZONA, DECEMBER, 1922

NUMBER TWELVE

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The Peoples' Message to the Incoming Legislature

Never before in the ten years since statehood have the people voiced such a message as they have directed to the incoming Legislature of the State of Arizona.

That message abounds in demands for really constructive legislation which includes the elimination of useless and worthless laws and the offices and officers whose present activities are the attempted enforcement of such laws.

Written in every line of that demand for constructive legislation IS THE DEMAND THAT ECONOMY in the matter of appropriations for state purposes be the controlling factor for the guidance of that Legislature.

The history of the immediate past shows an unqualified demand for constructive legislation for purposes of economy and relief to taxpayers. WILL THE HISTORY OF THE ACTS OF THE INCOMING LEGISLATURE RECORD A REAL COMPLIANCE WITH THOSE DEMANDS.

EDITORIAL COMMENT

How Far Can the Legislature Reduce State Expenditures Through a Reduction of the Number of State Activities?

The state legislature is not at all supreme when it comes to a complete control of the financial problems of the state of Arizona. It has the power to abolish every office and every commission which may have been created by a former legislature. It does not have the power to abolish, nor the power to curtail the activities of any office, commission, or state institution which is created by the state constitution where that same constitution grants certain powers and duties of action, leaving it to the discretion of the particular agents of the state elected to exercise those powers and perform those duties, as to the manner of acting. If the constitution grants full authority to do a particular thing, and an officer is elected to carry out that authority, it would be a useless grant of power, if it were true that the legislature, by withholding an appropriation or by refusing to appropriate at all could thereby annul the constitutional provisions. It takes funds to perform public duties. Without funds those duties must go unperformed. When the constitution provides that certain things shall be done, it must follow by necessary implication that the framers of the constitution intended that either funds must be provided therefor, or that the doing of the act as required would result in valid claims against the state for the cost of so doing.

Constitutional Offices, Commissions And Institutions Must Be Properly Supported by Legislative Appropriations

Dealing first with those offices, commissions, and institutions which are created by the constitution and falling within the classes referred to above, and assuming a lack of power in the legislature to refuse to make necessary appropriations for the activities of each such office, commission or institution, then the question arises, from what source can the public hope to derive any relief through lessened expenditures as connected with the manner in which those constitutional powers and duties are carried out. The answer seems to be that such relief must come from the particular officers who act in each case.

Economy for Constitutional Offices, etc. Must Come Through Lessened Demands by Officers in Charge Of Activities Thereof

There is no escaping the fact that the expenditures by and in behalf of constitutional officers, constitutional commissions, constitutional boards, and constitutional institutions, have increased year by year since statehood. Each legislature has been met with enlarged demands for appropriations in each case. Without real means of knowing just what the activities were, nor real means of knowing just how much it should cost to perform those activities, it has been usual for appropriations of one year to equal the expenditures of the previous year, with further allowances for special purposes. Heads of departments, institutions and commissions, created and existing under the constitution itself, have repeatedly lobbied the legislature with the plea that it has cost us so much to maintain our activities the past year, to maintain the same activities will require more for the next two years, and then our activities should be increased, this, that, and the other thing, should be attempted, and if so, more funds must be provided. The legislature is more or less helpless in the whole matter, it depends and has in each session depended upon the heads of departments, has appropriated according to the demands from those heads, and therefrom has come the increased amounts shown in the aggregate of the state budget. If the heads of departments are at all interested in the question of reducing the costs which the public must pay to maintain those departments under their charge; if they are fair to the demands of the public that economy is absolutely necessary, if at the same time they are competent to deal with the finances involved in their respective public operations then that fairness will demonstrate itself in suggestions from all such heads, as to where such cuts may be made, as to where certain lines of activities may be suspended temporarily or abandoned entirely, without loss in efficiency.

When the public stop to consider that the increased expenditure has come

from legislative acquiescence in departmental demands, with each department apparently trying to increase its importance as a factor in public affairs, that same public would certainly breathe freer if that same expanding idea should take the form of retrenching. If the same offices, departments and institutions, which in the past have so enlarged the cost of government in Arizona, that the present cost as compared with the cost of government prior to statehood resembles the difference between a closed fan and an open one, a fan so widely open at present that each and every state officer should to the full extent that any of them control the ribs of that now widely open fan, do all in their power to unspread it, and from such concerted action it is certain that the public would gain some benefit.

So far as constitutional offices are concerned, economy in the matter of expenditures must be found through the efforts of those who fill those offices.

The Legislature Has Full Power Over Every Office, Department and Institution Created By It, Except the Matter of Salary of Officers Elected for Fixed Terms

When it comes to departments, offices and institutions which have been created by the legislature, its powers are unlimited. As said above it may abolish entirely. It may detail and define the duties and powers of such officers. It may increase or it may diminish not only the powers but the appropriations. The legislative power exists, but when it comes time to exercise that power, when a suggestion is offered that this activity can be dispensed with, or that or the other, there comes from the public an opposing voice. The same element, class or faction of the public at whose instance an office was created arise en masse, and insist that it be retained. "Abolish some other activity, but not this one" is the cry which comes up from all sources.

In a general way, the whole public, as a whole, has come to realize the fact that there exists too much "regulation" of private affairs through public officers, acting upon boards and commis-

(Continued on page 5)

ARIZONA TAXPAYERS' MAGAZINE

OFFICERS STATE TAXPAYERS' ASSOCIATION
OF ARIZONA

Subscription DECEMBER, 1922 50 Cents

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How Far Can the Legislature Reduce State Expenditures

(Continued from page 4)

sions created for that regulation. The officers are not to blame if they perform their duty. The cost of that regulation in each case falls upon the public. The growth of many salutary and regulatory laws, with attendant boards and commissions to execute them, followed times of prosperity and indifference as to what the cost thereof might be. Men and women, too busy with the effort to make money, confronted with some unusual situation, looked around for a remedy. Boards of trade, chambers of commerce, professional clubs and organizations, may have had their attention called to some isolated case of evil result. Their legislative committee got busy. Without thoroughly investigating as to whether existing laws provided an ample remedy, in many instances, the easier method was followed, that of having the matter handled by a public commission. "Let the other fellow do it",

has been the practice during the last ten years, not only in Arizona, but throughout the states of the union. "The other fellow", has been the public. The cost of doing it has been a public cost. The real necessity and public benefit from the thing to be done, has not in many instances been considered. From it all there has grown up in Arizona and elsewhere many boards, commissions, and offices with no really essential duties to be performed, and which from meager appropriations at first such increased appropriations have been finally procured, and to add to the present aggregate of public expenditures such amounts as to make those aggregates beyond the means of the taxpaying public to liquidate in taxes.

If the whole public feel that any constitutional office is no longer necessary, or that its activities should be confined to more restricted powers and duties than at present. That same public must then exert itself and amend the present constitution.

If the legislature finds that any legislative office can be abolished, it must close its legislative ears to the importun-

ities of any element or particular faction of the public that it be retained. It must cut where it can, without actually impairing the workings of a really efficient state government.

The real surgeon uses the knife when necessary, and where he has reason to believe that life will still remain after the operation is over. He looks to the final health of the patient, and operates accordingly, regardless of how it may hurt either the patient or the friends of the patient. The situation in Arizona requires that many offices, boards, commissions and departments be put upon a legislative operating table with a view of removing what is unnecessary, and a final effect of saving to taxpayers. Instead of attempting to stay such operations, every taxpayer of the public should lend a hand and assist in all ways possible to make the operation or operations successful. In no other manner will it be possible to restore the condition of public finances and public expenditures to such a normalcy as will be in keeping with the power of the present public under presently controlling conditions, to support and maintain.

Questions and Answers

Q. Is it legally possible for the administrative offices of the state to so expend or incur state funds during the first six months of a fiscal year, so as to leave a shortage of available funds for use during the balance of the year?

A. The answer to the foregoing question appears in provisions of the new financial code as adopted by the special session of the legislature of 1922. The first provision is section 4 of that law reading as follows:

"No agency of the state government shall expend more than one-fourth of its total appropriation, (providing that unexpended balances in any one quarter shall be available in succeeding quarters during that fiscal year) for salaries, operations and travel in any fiscal quarter, except upon the prior and written approval of the Governor and Auditor jointly. No warrants shall be drawn for claims on account of new construction, of whatever kind, the money for which is raised by tax levy and is authorized

by any bill or act carrying an appropriation or appropriations, until the first day of December next after the adjournment of the legislature enacting such measure, unless hereafter specifically authorized.

The same law defines the word "operation" when used in an appropriation act, to include the expenditures incident to the conduct of the office, maintenance of an institution or school. These provisions are followed by the provisions of Section 17 of the Financial Code, reading:

"Every act which is declared to be unlawful under the provisions of this act, is declared to be an act of misdemeanor. Every officer who does any act so declared to be unlawful shall be guilty of a misdemeanor, and upon conviction thereof shall be punished under the provisions of the penal code provided in case of misdemeanor * * "

While the foregoing provisions are

(Continued on page 8)

Questions and Answers

(Continued from page 5)

not absolutely "iron clad" for the reason that the Governor and Auditor may permit an expenditure in excess of that otherwise available for each quarter of

the year, it is perfectly apparent that the saving clause was to meet real contingencies, and was not intended to open the doors wide for expenditures beyond such proportions as otherwise allowed in the law. With the qualifying language

referred to above in its bearing upon the answer to the question, that answer is that it is not legally possible to strip the treasury of funds during the first half of a fiscal year, leaving nothing available for the last half of that same year.

What it Has Cost in Taxes to Run the State for a Period of Ten Years

The taxpayers of the state know that taxes have increased year by year for the past ten years. The records show that after the first state legislature had completed its labors connected with organizing the state, and had finished its appropriations bills for the purpose of defraying the expenses of it all, it took \$1,860,518.00 of tax money to meet the expenditures, not covered by other sources of revenue. The same public knows that other sources of revenue have increased, and that the amount of taxes levied have also increased. The public knows, if it has perused the columns of this Magazine for the past nine years, that it has had not appreciable relief from taxation through any benefit from other sources of revenue. After ten years of statehood, it may be of interest to the public to give them a tabulated statement showing the general purposes of expenditure of state funds which has resulted in figures appearing upon the present tax rolls of 1922, levied to meet the requirements of the fiscal year ending June 30, 1923. The table connected with this article and which occupies a considerable space in this issue of the Magazine, was compiled for the purpose of showing in a general way, under general heads of public activities in the state, what has been spent, and for what in the past ten years.

The table is divided into comprehensive groups. It shows how much has been raised by taxation for educational purposes, how much for public works and public improvements not connected with particular institutions, how much has been raised for and in connection with agricultural purposes, for state health department, for the actual administration of government connected with the executive department, for the cost of the judiciary and legal departments of the state in administering justice, for the cost of maintaining the National guard of the state, and finally the cost of paying interest upon the bonded

indebtedness of the state. The arrangement in the table is such that it follows according to seeming importance as disclosed by the amounts of taxes raised to support same in each year. Consequently the "Educational Group" heads the list. The "Legal Group", comprising items for the enforcement of law along civilized methods is third from the last. Next to the last is the entire military and soldiers' settlement item, the National Guard supported and maintained to come into action in the event that riot or insurrection might break out as it has done at all times since the constitution of the United States was adopted with its provisions for such an organization in each state, not only to preserve peace therein, but to protect the nation itself in time of emergency.

The "Educational Group" which seems to be dearest in the hearts of the public, has increased from \$1,010,557.00 for the year ending June 30, 1914, to \$2,275,993.00 for the present year, an increase in taxes of over \$1,165,000.00.

An effort was made by the Special Session of the Legislature in 1922, to reduce the amount to be expended for public works and public improvements. With that reduction made it is still nearly two hundred thousand dollars more than was included in the appropriation for the first year of statehood. The public is still groaning under the load of the appropriation made by the regular session of the Legislature for the year 1921, which was over \$1,161,000.00 in excess of appropriations for the same general purpose in 1913-1914 fiscal year.

The "Agricultural" group shows an increase from \$121,199.00 in 1913-1914, to \$278,128.00 for the present year, an increase of over \$156,000.00, during the ten year period.

In the "Health, charitable and penal" group the increased cost in maintaining the department of public health—from \$4,500.00 in 1914 to \$23,650.00 in the present year—with the creation of a Child Welfare Board costing \$30,000.00

per year, leaves the cost of maintaining the older institutions under that head with such fluctuations in annual cost as naturally followed the trend of prices of supplies, and increased number of persons dealt with therein.

The "Administrative Group" which comprises the offices of the executive department of the state shows an increase from \$166,700 in 1914, to \$297,820.00 in the present year. This increase is in part accounted for through increased salaries, through increased costs of elections involving many proposed initiative measures, the figures of the various years since 1914 have varied up and down according to special reasons therefor pertaining to the business of the state for those years.

In the legal group, the figures of the different years include legislative expenses in those years. In that connection four superior judgments have been created, adding to cost of that group. Otherwise the cost thereof has remained on quite a similar plane during the whole ten years.

The "Military and Land Settlement" group includes the cost of the National Guard, to which was added the department of "High School Cadets", and later appropriations under the soldiers' land settlement act.

The figures above referred to are appropriation figures. Deductions were made therefrom on account of balances and general fund earnings, leaving the total of taxes levied in each year at the various amounts appearing in that line of the table.

Grouped as they are, the various classes of public activities with the costs of each shown by itself, may present some suggestions as to where deductions may hereafter be made, and also shows where deductions are not possible. Altogether, the table gives a complete statement of the finances of Arizona from the standpoint of taxes and taxation from statehood to date.

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VOLUME TEN

PHOENIX, ARIZONA, JANUARY, 1923

NUMBER ONE

TOO FAST AN EXPENDITURE PACE FOR THE TAXPAYERS

The Magazine has repeatedly cautioned the public against bond issues, against all kinds of extravagance foisted upon the taxpayers by their own acts and by the acts of those who represented the public, acquiescing in demands of portions of the public, for this or that public activity, regardless of the ability of the public to pay. The result of a lack of prudence in the matter of public activities entailing public expenditures in Arizona appears in the fact that taxes to the amount of

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are delinquent upon the rolls, for no more controlling reason than inability of a well meaning body of taxpayers in this state to pay their taxes.

THE PACE FOR PUBLIC IMPROVEMENTS FOR ENLARGEMENTS OF PUBLIC UNDERTAKINGS HAS APPARENTLY BEEN TOO FAST.

RETRENCHMENT IN DEMANDS CALLING FOR EXPENDITURES AND CURTAILMENT OF PRESENT ACTIVITIES SHOULD BE THE SLOGAN TOWARDS RELIEF OF AN OVERBURDENED PUBLIC.

A Ten-Year Statement of Amounts of Appropriations for State Purposes, Showing Amounts Finally Raised by Taxation in Each Year

NET EDUCATIONAL GROUP

	Year Ending June 1914	Year Ending June 1915	Year Ending June 1916	Year Ending June 1917	Year Ending June 1918	Year Ending June 1919	Year Ending June 1920	Year Ending June 1921	Year Ending June 1922	Year Ending June 1923
Common Schools	\$500,000.00	\$500,000.00	\$500,000.00	\$500,000.00	\$752,500.00	\$780,500.00	\$875,000.00	\$1,058,000.00	\$1,259,825.00	\$1,253,525.00
Vocational Education	30,000.00	30,000.00	36,500.00	45,000.00	52,000.00	86,924.00	254,840.00	371,616.00	113,998.00	92,660.00
University of Arizona	249,650.00	222,650.00	257,841.00	276,581.00	395,898.00	299,544.00	648,442.00	492,692.00	925,000.00	622,218.00
County Scholarships	2,100.00	2,100.00			2,100.00	2,100.00	7,000.00	7,000.00	7,000.00	7,000.00
Tempe Normal School	134,420.00	141,550.00	109,000.00	100,000.00	200,000.00	125,000.00	170,446.00	156,500.00	198,000.00	148,750.00
Northern Arizona Normal School	39,437.00	39,456.00	127,971.00	60,071.00	168,064.00	82,000.00	284,271.00	110,880.00	201,110.00	145,000.00
Historian	4,200.00	4,200.00	10,350.00	5,350.00	7,400.00	7,400.00	9,400.00	9,400.00	5,900.00	5,400.00
Pioneers' Historical Society	750.00	750.00	1,250.00	1,250.00	1,275.00	1,275.00	1,325.00	1,325.00	1,440.00	1,440.00
Sub Totals	\$1,010,557.00	\$990,686.00	\$1,042,912.00	\$988,252.00	\$1,579,237.00	\$1,384,743.00	\$2,250,724.00	\$2,207,413.00	\$2,712,273.00	\$2,275,993.00

NET PUBLIC WORKS GROUP

Roads and Bridges	\$281,000.00	\$255,500.00	\$366,000.00	\$318,500.00	\$966,500.00	\$937,000.00	\$1,435,500.00	\$979,500.00	\$1,319,403.00	\$416,010.00
Capital Building and Grounds	20,500.00	20,000.00	15,000.00	20,000.00	200,000.00	94,892.00	75,000.00	30,000.00	39,600.00	39,920.00
Water Department							25,000.00	15,000.00	51,600.00	44,800.00
Irrigation Projects	7,500.00		24,500.00		10,000.00		25,000.00			
Resources Board							10,000.00	10,000.00	10,000.00	
Smelter					1,000.00		5,000.00			
Cave Creek Flood Control									50,000.00	
Sacaton-Florence Power Line							50,000.00			50,000.00
Sub Totals	\$309,000.00	\$275,500.00	405,500.00	\$338,500.00	\$1,177,500.00	\$1,031,892.00	\$1,625,500.00	\$1,034,500.00	\$1,470,603.00	\$550,730.00

NET AGRICULTURAL GROUP

Agriculture and Horticulture	\$14,000.00	\$12,000.00	\$14,000.00	\$14,000.00	\$21,000.00	\$21,000.00	\$35,450.00	\$32,675.00	\$68,000.00	\$46,170.00
Live Stock Sanitary Board	16,200.00	13,000.00	10,250.00	10,450.00	9,300.00	9,300.00	15,475.00	11,125.00	13,300.00	9,500.00
Sheep Sanitary Commission	3,500.00	3,500.00	4,500.00	4,500.00	5,500.00	4,500.00	9,500.00	4,500.00	7,500.00	7,500.00
Veterinarian	2,900.00	3,300.00	4,300.00	3,300.00	5,550.00	5,500.00	10,700.00	5,700.00	5,300.00	3,300.00
Eradication of Tubercular Cattle									7,500.00	15,000.00
Land Department	44,400.00	28,400.00	57,968.00	50,000.00	70,000.00	70,000.00	55,250.00	65,250.00	47,550.00	44,813.00
State Real Estate Department										2,600.00
U. S. Reclamation Service							50,000.00			20,000.00
Dairy Commission						10,000.00	10,350.00		9,870.00	9,045.00
Rodent and Predatory Animal Control						25,000.00	50,000.00	50,000.00	25,000.00	30,000.00
Immigration Commission	1,000.00				1,000.00		1,000.00	1,000.00	13,750.00	
Northern Arizona Fair			2,500.00	2,500.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
County Fair Assistance					10,000.00	3,000.00	14,000.00	14,000.00	14,000.00	5,000.00
State Fair	35,000.00	35,000.00	27,000.00	23,000.00	113,689.00	68,341.00	69,000.00	83,571.00	107,669.00	75,000.00
Game Warden	4,199.00	3,300.00	1,800.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	5,200.00	5,200.00
Relief Navajo Horse Owners					2,423.00					
Water for Dry Farming							10,000.00			
Sub Totals	\$121,199.00	\$98,500.00	\$122,318.00	\$111,750.00	\$247,462.00	\$225,641.00	\$339,725.00	\$287,171.00	\$329,639.00	\$278,128.00

NET HEALTH, CHARITABLE AND PENAL GROUP

Asylum for Insane	\$115,000.00	\$115,000.00	\$128,200.00	\$95,000.00	\$174,500.00	\$113,649.00	\$212,682.00	\$143,900.00	\$163,766.00	\$158,933.00
Pioneers' Home	5,500.00	12,500.00	20,500.00	16,000.00	22,000.00	19,000.00	78,213.00	64,045.00	54,437.00	51,510.00
Industrial School	43,000.00	44,000.00	44,500.00	25,500.00	45,000.00	71,104.00	209,000.00	53,800.00	55,000.00	58,175.00
Prison	20,250.00	90,000.00	108,900.00	85,000.00	162,000.00	145,456.00	169,845.00	191,000.00	155,500.00	162,995.00
Pardons and Paroles			1,000.00	1,000.00	1,000.00	317.00	1,000.00	1,000.00	1,000.00	
Public Health	4,500.00	4,800.00	5,000.00	5,800.00	6,000.00	7,569.00	28,100.00	22,100.00	24,650.00	23,650.00
Laboratory	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,850.00	5,000.00
Dental		250.00	300.00	300.00	1,000.00	1,000.00	1,500.00	1,500.00	1,500.00	1,500.00
Free Employment					2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Child Welfare									30,000.00	30,000.00
Sub Totals	\$192,750.00	\$271,050.00	\$312,900.00	\$233,100.00	\$418,500.00	\$365,095.00	\$707,840.00	\$484,345.00	\$493,203.00	\$495,773.00

NET ADMINISTRATIVE GROUP

Auditor and Banking	\$16,900.00	\$16,900.00	\$16,400.00	\$16,400.00	\$17,950.00	\$17,950.00	\$30,700.00	\$30,000.00	\$67,050.00	\$48,450.00
Board of Directors	9,500.00	9,500.00	8,500.00	8,500.00	75,000.00	57,064.00	34,600.00	34,600.00	25,000.00	20,060.00
Governor	15,050.00	14,550.00	16,150.00	17,150.00	17,150.00	22,400.00	36,600.00	32,100.00	32,300.00	30,760.00
Tax Commission	20,900.00	22,900.00	17,900.00	19,400.00	20,000.00	27,900.00	27,900.00	29,900.00	29,900.00	29,000.00
State Treasurer	5,000.00	5,000.00	5,750.00	5,750.00	7,600.00	7,100.00	10,200.00	9,700.00	8,950.00	29,075.00
Mine Inspector	15,400.00	15,400.00	9,800.00	13,800.00	15,900.00	15,400.00	17,600.00	17,600.00	19,150.00	17,150.00
Secretary of State	16,600.00	13,300.00	15,800.00	19,800.00	22,250.00	26,500.00	40,063.00	36,300.00	44,900.00	45,095.00
State Examiner	4,100.00	4,100.00	5,600.00	5,600.00	6,500.00	6,500.00	9,000.00	9,000.00	9,000.00	9,300.00
Corporation Commission	51,300.00	50,300.00	38,580.00	39,532.00	39,120.00	39,120.00	49,120.00	49,120.00	60,000.00	63,480.00
Weights and Measures	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00	3,600.00	4,400.00
Premium on Bonds	750.00	550.00	550.00	550.00	550.00	525.00	550.00	550.00	550.00	550.00
Printing Reports	6,000.00	5,500.00	1,500.00	3,000.00	8,500.00	2,974.00	7,500.00	10,000.00	10,000.00	
Loan Commission	500.00			100.00						
Special Examiners		2,500.00		500.00						
Sub Totals	\$166,700.00	\$165,200.00	\$141,230.00	\$154,782.00	\$235,200.00	\$220,145.00	\$268,533.00	\$263,970.00	\$310,400.00	\$297,320.00

NET LEGAL GROUP

Attorney General	\$10,300.00	\$10,800.00	\$12,400.00	\$19,900.00	\$14,300.00	\$17,550.00	\$23,500.00	\$25,500.00	\$29,500.00	23,200.00
Bar Examiners	600.00	500.00	250.00	450.00	250.00	750.00	400.00	500.00	600.00	600.00
Court Commissioners	200.00	100.00		100.00	100.00	30.00	100.00	100.00	100.00	250.00
Law Library	3,100.00	3,600.00	3,600.00	2,400.00	8,435.00	3,600.00	5,850.00	5,700.00	6,150.00	9,975.00
Superior Court	23,750.00	23,750.00	25,750.00	25,750.00	25,750.00	26,575.00	26,575.00	29,175.00	33,800.00	37,050.00
Supreme Court	25,230.00	25,580.00	24,390.00	22,140.00	24,250.00	24,250.00	27,250.00	26,850.00	28,450.00	29,200.00
Revised Statutes	31,000.00									
Legislature			99,465.00	50,000.00	200.00	24,980.00	75,000.00	77,700.00		75,300.00
Sub Totals	\$94,280.00	\$62,330.00	\$165,855.00	\$120,773.00	\$73,285.00	\$97,735.00	\$159,750.00	\$165,520.00	\$98,600.00	\$175,575.00

NET MILITARY AND LAND SETTLEMENT FOR SOLDIERS GROUP

National Guard	\$34,150.00	\$42,050.00	\$36,500.00	\$36,500.00	\$100,000.00	\$42,446.00	\$50,000.00	\$50,000.00	\$64,630.00	\$65,000.00
High School Cadets					7,500.00	7,500.00	12,000.00	34,000.00	20,000.00	
Land Settlement for Soldiers									50,000.00	100,000.00
Welcoming Soldiers							5,000.00			
Sub Totals	\$34,150.00	\$42,050.00	\$36,500.00	\$36,500.00	\$107,500.00	\$49,946.00	\$67,000.00	\$81,000.00	\$134,630.00	\$165,000.00

NET INTEREST, REDEMPTION, RELIEF AND MISCELLANEOUS GROUP

Interest on State Debt	\$44,800.00	\$45,100.00	\$42,800.00	\$43,070.00	\$41,238.00	\$42,238.00	\$43,938.00	\$40,088.00	\$39,983.00	\$38,890.00
Interest on Warrants			3,000	1,500.00	75,000.00	15,000.00	25,000.00	25,000.00	120,000.00	56,399.00
Redemption of Bonds	2,500.00	17,000.00	19,500.00	6,500.00	30,958.00	30,958.00	30,958.00	30,958.00	30,958.00	33,600.00
Interest Deficit									103,275.00	20,362.00
Counsel of Defence										
Relief Bills	750.00		41,556.00			26,500.00			35,806.00	13,375.00
Mormon Battalion					25,532.00	17,500.00	11,268.00		2,500.00	
Miscellaneous			200.00						40,000.00	
Sub Totals	\$48,050.00	\$62,100.00	\$107,056.00	\$51,070.00	\$172,728.00	\$132,196.00	\$111,164.00	\$96,046.00	\$372,477.00	\$162,626.00

GRAND TOTAL	\$1,976,686.00	\$1,967,416.00	\$2,334,271.00	\$2,004,694.00						
Add Deficit			111,482.00	121,715.00	\$4,011,412.00	\$3,507,403.00	\$5,529,636.00	\$4,619,970.00	\$5,921,825.00	\$4,401,145.00
Sub Totals	\$1,976,686.00	\$1,967,416.00	\$2,445,753.00	\$2,126,409.00					423,025.00	
Deduct Other Income *	116,168.00	155,077.00	174,878.00	210,783.00	\$4,011,412.00	\$3,507,403.00	\$5,719,736.00	\$4,619,970.00	\$6,344,850.00	\$4,401,145.00
TOTAL AMOUNT RAISED BY TAXES	\$1,860,518.00	\$1,812,339.00	\$2,270,875.00	\$1,915,626.00	279,633.00	254,723.00	588,388.00	418,806.00	289,997.00	**706,000.00
Rate	.495	.445	.54	.40	\$3,731,779.00	\$3,252,680.00	\$5,131,348.00	\$4,201,164.00	\$6,054,853.00	\$3,695,145.00
Assessed Valuation	\$375,862,414.00	\$407,267,393.00	\$420,532,411.00	\$36,406,518.00	.535	.39	.60	.475	.73	.51
* Income to General Fund.					\$697,526,619.00	\$834,020,532.00	\$855,224,720.00	\$884,455,682.00	\$830,536,582.00	\$732,021,286.00
** Income to General Fund plus Cash Balances Due to Savings										

1c. Paid
Phoenix, Ariz.
Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TEN

PHOENIX, ARIZONA, JANUARY, 1923

NUMBER ONE

TOO FAST AN EXPENDITURE PACE FOR THE TAXPAYERS

The Magazine has repeatedly cautioned the public against bond issues, against all kinds of extravagance foisted upon the taxpayers by their own acts and by the acts of those who represented the public, acquiescing in demands of portions of the public, for this or that public activity, regardless of the ability of the public to pay. The result of a lack of prudence in the matter of public activities entailing public expenditures in Arizona appears in the fact that taxes to the amount of

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are delinquent upon the rolls, for no more controlling reason than inability of a well meaning body of taxpayers in this state to pay their taxes.

THE PACE FOR PUBLIC IMPROVEMENTS FOR ENLARGEMENTS OF PUBLIC UNDERTAKINGS HAS APPARENTLY BEEN TOO FAST.

RETRENCHMENT IN DEMANDS CALLING FOR EXPENDITURES AND CURTAILMENT OF PRESENT ACTIVITIES SHOULD BE THE SLOGAN TOWARDS RELIEF OF AN OVERBURDENED PUBLIC.

EDITORIAL COMMENT

HOPING TO REALIZE THE EFFORTS OF YEARS

Several years ago a conservative body of taxpayers of this state congregated in Tucson for the concerted purpose of organizing an association to become instrumental in the advocacy of "ECONOMY IN PUBLIC EXPENDITURES" so far as consistent with the efficiency of good government in Arizona. Men whose business judgment and whose ideas of thrift and economy had taught them that while a progressive course towards the upbuilding of the state might be essential to the end of bringing about a great future for the state of Arizona, the means of that accomplishment could be attained through the same methods of thrift which had in the years since the thirteen colonies had declared their independence, constructed and brought into the world one of the greatest, if not the greatest countries of the known civilized world. America as embodied in the United States, had reared its greatness through strict efforts of making the most of a dollar, whether that dollar was expended for private purposes or for public advancement. The same spirit of seventeen seventy-six, permeated the body which organized the Taxpayers' Association and has stamped the policy of that organization for thrift, economy and efficiency.

As a voice to the people, the State Taxpayers' Magazine was published. Every month it spread to the people of the state figures of the cost of government, details as to where the money raised by taxation went, and with an edition which covered some twenty thousand taxpayers, it gave to them accurate and complete reports taken from public documents, public financial statements and other reliable sources of what it cost to govern the state, its counties and cities. At no time in its history has the accuracy of its published figures been questioned. It has faithfully reported to the people who read its columns just what their public agents had done with the money by them contributed upon the tax-rolls of the fourteen counties of the state. If expenditures were higher than they should be the figures were presented in such manner that the people could judge for themselves and act accordingly.

At no time in its history has the Magazine attempted to swerve public opinion.

It has published the facts and let the people shape their own course as to whether they wanted more for this, or more for that activity in public affairs.

When times were easy and money was not hard to obtain, the taxpayers of the state were easily prolific in their provisions for public schools, for normal schools, for the university, for roads, and for every public enterprise that seemed to speak for state progress.

The climax of world's war, the real exigencies of finance, seem to have brought about a condition in the whole country, with no exception in Arizona, where the people could not meet their public burdens.

Possibly for the first time in the history of Arizona the people of the state have been groaning under the burdens of taxation.

There are many self-inflicted burdens, such as bond issues voted by property taxpayers which cannot be relieved against. The interest upon such bonds, the amounts necessary for payment of these bonds, known as sinking funds must be paid, but with all that cannot be relieved against, there still remains the chance for economy, consistent with efficiency in the administration of the affairs of the government, whether those affairs pertain to state, county, city or town.

During the past year the people of the state have come to realize the condition of affairs. It seems that they have elected a legislature, a governor and other officials, pledged to the same principles of economy which have been the topic of every article in the Taxpayers' Magazine for the past decade. The Magazine is pleased to give its readers the declarations of the chief executive of the state, pronounced to the sixth legislative body of the state, and which so far as quoted voice some of the same principles of economy, of conservatism, as consistent with the efficiency, as advocated by this publication in every edition, of every month since it started to publish its slogan to the world.

As said above, it is with pleasure that a publication can be made from the message of an executive to the legislature of the state, quoted as follows:

"The tremendous task of financing the war and of paying the interest on

the public debt, added to the ordinary cost of government, has become a severe burden to the taxpayers of the state and nation. This burden has become heavier in Arizona, due to the depression in industry and the loss of markets for the products of our mines and farms.

Having tested our Constitution and Laws and found them fundamentally sound, our citizens must now bend their energies toward finding the leaks at stopping any unnecessary expenditure. Economy must be the watchword in the next few years in Arizona. The state government and its various subdivisions must apply to their activities the same principles which guide the thrifty individual in times of stress. Luxury, which in times of prosperity contributes to the enjoyment of life, should be done away with. Simpler forms of living should be adopted; unnecessary expenditures should be curtailed; and by the practice of economy a healthy financial condition can be maintained.

The burden of taxation in Arizona, proving to be a menace both to the individual and to industry. Hundreds of farmers have lost their homesteads, stockmen have lost their cattle and ranges; business men have become insolvent; working men have lost their homes and savings and have been forced to seek employment in other states.

The taxpayers are unable to meet the present high cost of government and the same time continue to carry the various occupations forward to success. This being the condition facing us today, retrenchment of state expenditures must be effected.

In order that economy may be practiced without impairment of the efficiency of the state departments and institutional responsibility must be definite. Each branch, office, department and subdivision of the government must be so organized and directed that there can be no evasion of responsibility for the conduct of its affairs. By referring to economy, efficiency and responsibility so early in my message, I do so to give added emphasis to this important matter.

The government of the state composed of three separate and distinct departments—the legislative, executive and judicial. The duties of each department are defined in the constitution. Each

branch of the government has responsibilities peculiarly belonging to it.

The executive branch of the government is concerned primarily with the administration and the enforcement of the laws.

Any law which would tend to hamper or restrict the efficient exercise of the authority of the administrative branch of the government are not for the best interest of the state.

Previous legislatures, for one cause another, have at various times enacted laws, which provided for the crea-

tion of various offices, boards or commissions, in which the terms of the officers or commissioners were fixed for definite periods of time.

When the people of the state of Arizona elect the governor and other administrative officers they hold them responsible for the administration of the affairs of the state government. The governor of the state in particular is held responsible for the administration. While in theory and in fact the law may provide otherwise, and he may have

nothing to do with administering the affairs of certain offices, yet the electorate as a rule does not investigate to ascertain whether or not he may be actually responsible if anything proves unsatisfactory.

Certain laws which contain provisions that appointive officers therein designated shall hold office for a period longer than the term of the official making the appointment, do not tend to carry out the idea that officers elected by the people shall be responsible to the people for the conduct of the state."

Delinquent Taxes of the State

There is one phase of the reason for increased taxation that is not often presented to the public. That is the delinquent tax list. Under the system used in Arizona, the state, county and city taxes of each year are based upon a budget estimate for that year. Since 1913, each county was and still is permitted to raise all the amounts required by school district boards and county school superintendents in their requests for funds made to the boards of supervisors. The boards of supervisors are permitted to increase the amounts of taxes assessed for highway and general county purposes at the rate of not to exceed ten per centum of what was raised for the previous year for those same purposes. It has been found that some cities, and some counties have created indebtedness for some unforeseen reason or reasons, and on a succeeding year have made estimates which in fact, although perhaps in name, were made to include funds to take up those indebtednesses. Teachers must be paid. The salaries of city and county officers must also be

paid. There are certain other creditors of the public who must and will have their money. If warrants are increased to cover possible delay in the payment thereof, that in and of itself creates a deficit as between the estimates for which taxes are levied and the actual totals of all warrants issued. All of which in the long run tends to increase the taxes of succeeding years.

But no matter how carefully the estimates are made or how nearly those estimates compare with the actual tax levies of the year for which they are made, the fact of large delinquencies in taxes, adds another controlling element in the situation which in its entirety causes a constantly increased tax rate throughout the state and its counties.

That element is the total of delinquent taxes of the state.

From a compilation of those taxes made in the offices of the State Tax Commission, the delinquencies appear as shown in the table which follows. That table shows the taxes remaining unpaid in the various counties of the

state for each year commencing with the tax rolls of 1916 up to and including 1921. The table shows the total delinquent taxes for each year, and in the last column shows the total amount delinquent for the entire period of years.

The final total is \$3,471,226.67 for the seven years covered by table. When that total is considered in connection with the total of state taxes raised for the year 1922, it nearly equals it. In other words, in a seven year period, the amount of delinquent taxes, averaging about \$500,000.00 per year still delinquent, nearly equal the entire amount necessary in taxes to run the whole state of Arizona for one year.

Something is radically wrong. Either property is continuously assessed, which is not worth its taxes; either state lands sold under contract are taxed, and the taxes not paid, with those taxes a permanent loss; or present taxes as they have existed for the past few years, increased as they have been increased, are more burdensome than property owners can pay and at the same time "make

STATEMENT OF DELINQUENT TAXES IN ARIZONA FROM YEAR 1913 TO 1921, INCLUSIVE

County	1916	1917	1918	1919	1920	1921	Total
Apache	\$	\$ 84.14	\$ 260.73	\$ 5,813.61	\$ 6,504.44	\$ 19,034.67	\$ 31,697.59
Cochise	10,030.45	6,650.07	12,826.89	35,001.81	18,998.89	100,897.59	224,405.70
Cocino	827.11	2,214.28	4,395.80	6,553.21	10,415.12	23,131.49	47,537.01
Gila	2,021.20	1,941.92	8,262.32	22,387.16	5,443.86	102,113.34	188,159.80
Graham		4,879.61	11,753.98	10,231.93	13,983.20	75,384.46	136,233.18
Greenlee		969.99	998.54	543.69	11,743.68	48,276.82	67,428.72
Maricopa	Reflected in 1919			174,079.07	51,128.16	957,218.22	1,632,425.45
Mohave	353.71	527.27	1,143.17	10,311.15	1,203.10	42,711.43	76,249.83
Navajo			7,280.62	12,147.09	17,520.96	37,491.73	74,440.40
Pima	571.27	15,396.57	7,498.16	12,171.65	10,496.29	95,737.81	161,871.75
Pinal	360.95	379.11	9,818.17	25,464.59	13,287.09	119,939.88	219,250.39
Santa Cruz	21,599.41	6,089.38	1,502.18	13,505.68	18,049.51	125,176.16	215,922.32
Yavapai	46,801.90	3,769.42	2,907.78	7,142.99	2,139.79	103,809.34	206,571.22
Yuma	5,338.29	1,092.11	4,085.42	10,550.80	2,426.84	115,539.85	189,033.31
TOTAL	\$87,904.29	\$43,993.87	\$72,734.36	\$350,800.43	\$9,9330.92	\$1,966,462.79	\$3,471,226.67

both ends meet" out of their property taxed.

If there is any property upon the rolls which is continuously delinquent, because practically abandoned by its former owners, then no further taxes should be levied against it. Laws might be enacted, there are such laws in other states, under which such land might be finally bid in by the state, or in its behalf. This would clear the rolls of false values, false estimates as to revenues to be derived from taxation, and otherwise correct deficits in public finances as compared with aggregates expected to be received for actual expenditures in public business.

If any state land fell into the hands of speculators at the minimum three dollar an acre price, and those same speculators are simply holding on for prospectively increased values, and paying the state neither installments upon purchase contracts, nor taxes, the taxes to date are a dead loss. The sooner those lands revert to the state, and further levy of taxes thereon discontinued, just that quick still further needed adjustments will be made and actual income for public purposes, more nearly equal to actual plans for expenditures.

Or to go at the matter from the other end of the line. **If new estimates made by cities, towns and counties, and appro-**

priations made for state purposes, were made in the light of taxes actually collected upon the rolls, rather than upon taxes levied thereon. With any increased taxation permitted from year to year based upon the same foundation, the expenditures would not be planned as authorized, which if made as planned would leave deficits to be met the next year through increasing the taxes upon the property of those who do pay the taxes, and those who actually intend and are making honest efforts so to do.

Certainly there must be some remedy as against an excessive delinquent tax problem in this state, what that remedy may be is the question for solution.

Comments Upon the Recommendations of the Third State Budget

While the Magazine has not said much in late issues about budgets and budget systems, it should not be lost sight of that Arizona has a budget law, the effectiveness of which may be appreciated only by giving our readers some of the important recommendations made in the Third State Budget of Arizona.

In the first place it should be borne in mind that a budget is recommendatory only. Its purpose is to place before a legislature the details drawn from previous appropriations for state purposes, details as to actual expenditures of each year, with such a recapitulation of the matter as will be suggestive to an incoming administration and legislature, as to future needs of funds for state purposes. Those suggestions are of value for the reason that they come from a governor of the state, assisted by a budget secretary, between whom, it may be said that they should have their hands upon the pulse of the whole financial situation, and more quickly point out where over-expenditures are being made, where savings can be brought about, all to the end of giving the greatest efficiency in state government, with the minimum of cost thereof to the taxpayers of the state.

Today it is of the utmost importance that taxpayers are in fact relieved from every possible dollar of over-expenditure. The people have in the most decisive manner of public action known, voted for retrenchment and for public economy. The Legislature is in session presumably for the purpose of giving effect to that mandate of the people. Without any budget at all; with no suggestion at all, the sixty day session of a

regular session of the legislature might again be consumed in investigating the manner of going about economically controlled appropriations for the various activities of the state. With the budget, however, the legislature has a partially complete key to the situation. It has already at hand some tools for its work.

So when an examination of the budget is made, it appears that all of the various activities of the state have been classified and grouped under general heads, such as "Educational", "Public Works", "Agricultural", "Law and Judicial", "Administrative", "Charitable and Penal", and the like. Again the accounts are so kept that with respect to each department, institution, office and other state activity, there can be segregated salaries and wages, operation costs, traveling costs, capital investment, repairs to state properties and buildings, with an account for unclassified items. So the budget shows not only the entire cost of each important department of state government, classified as above, but shows also, from similar accounts kept for each, many points from which comparative costs can be determined.

The "educational group" comprises the common schools, vocational education, Tempe and Northern Arizona Normal schools, the University, and several other minor heads which naturally find their place in connection with the cost of education in Arizona. The figures of the budget are too extensive for publication. In speaking of the "Educational group" the budget suggests, That—

"It is recommended in this budget

that the entire activities of the vocational department be amalgamated with those of the common school system, all vocational work to be supported from the \$25.00 per capita fund and local taxes."

Such an amalgamation would decrease state taxes by the amount of \$87,585.00 now appropriated for vocational education, and by leaving the matter to local taxation, and, suggests the budget.

"Such an amalgamation would more centrally centralize the educational activities of the common schools, develop vocational education according to the size of the schools and in some cases abolish vocational activities where the size and the means of the school districts do not warrant the carrying on of such work."

The public works group in the state budget includes: highways, reclamation projects, Capitol Building and grounds.

The budget for highways refers to requirements for the coming year of \$3,435,000.00 of which sum \$3,060,000.00 will come from other sources, county federal aid, gasoline tax, and motor vehicle licenses. In connection with the highways the budget recommends as follows:

"The motor vehicle license and gasoline tax will bring in approximately \$460,000.00 a year for highway work. One of these tax accounts should be set aside to be known as a maintenance account, this account to be used only for the repair of highways and highway equipment. Such a permanent account must be established at this time and a permanent maintenance crew maintained or the

state will be forced to rebuild all of the Federal Aid roads."

The last sentence of the quotation referring to the requirements of the law under which federal aid funds are distributed to states, requiring that the states maintain the roads constructed in part with such funds. If budget figures are referred to, they will show a de-

crease in the total amounts to be taxed for the public groups funds of the difference between \$1,628,140.00 for the year 1921, and \$511,861.00 for the year 1923.

A summary of the whole budget shows that as against tax requirements amounting to \$4,809,505.00 for year

1921-1922, \$3,109,839.00 will be sufficient for the year commencing July 1, 1923.

It remains to be seen just how many of the figures of the budget can be made available by the present legislature, towards an actual reduction in state expenditures with a resulting relief to taxpayers through lessened taxes.

Constructed and Reconstructed Laws as Against Freak Legislation

The Statute Books and Session Laws of the legislatures of the states seem to bear out the conclusion that some legislators go to legislative session imbued with an idea that their special mission therein is to fill some niche in the code of laws not theretofore filled by previous enactments of previous legislatures. The result sometimes is that their attempt to fill that niche is an attempt to fill something that needs no filling. Or, the niche itself does not exist, every phase of the subject having been, in fact, fully, effectively and completely covered before. Instead of looking to something new, looking to something that will be novel but not essential, such legislators look to a self-imposed hobby, and by persistent effort may finally succeed in placing upon the statute books laws which merely increase the printers' bills pending their enactment, increase the size and number of volumes which adorn "law libraries" but add nothing at all to or for substantial benefit of the public at large.

A Sample of Freak Legislation

Illustrating the point, in part, the story is told of a legislator who after drawing his mileage and other per diem allowances of the early days of a legislative session, said to be in Albany, New York, started for the State Capitol, thinking of the responsibilities placed upon him by his district, when its electors selected him to represent them in that great assembly of the largest state from standpoint of population in the whole union of states. He took a street car from his boarding house to the scene of his responsibilities and official duties. Dreaming day dreams of his responsibilities and duties, hoping and wishing that he might be true to his rural constituents and hold his own and protect their interests against the finesse of older heads from more intriguing and scheming populous districts, he became oblivious to his surroundings. The click

of the street car wheels as they collided with projecting cobble stones and street crossings failed to arouse him from the serious meditations which held his exclusive and undivided meditations, thoughts and attentions. That legislator finally arrived at his destination, the Albany Capitol. A newsboy approached him, he bought a paper, put his hand in his pocket for money to pay, no change. And what was more serious, a search of all his pockets showed that his wallet was gone. **He had been robbed on the street car.** Ah, there was a special case for special legislation, there was the niche to be filled. His ambitions were realized, regardless of his small monetary loss to an ordinary pickpocket, he could bring forward some new act, for action by the legislature of the great state of New York. **A law making it a felony to rob a passenger on the street car.** Eureka, he had found it, a legislative niche to be filled and later the bill was introduced. The fate of that particular bill is of no importance to this article. The point may be plain to an ordinary reader, that the statute books were already full of provisions to cover every phase of thievery or robbery, in day light, in night time, from the person, from the house or elsewhere.

Such is one example of "freak" Legislation.

Legislation to Hinder One Class to Aid Another Is Not Constructive

More seriously considered the question of freak legislation presents many other sides. Some not so easily apparent as being ludicrous, but really equally unnecessary and equally unnecessary because serving no purpose which would be beneficial to the whole public. Individuals may have grievances against another. Those grievances may appear unbearable at the time. One business man may find a situation where the ingenuity of another business man has given the latter a possible advantage in the

way of customers or trade profits. One person, firm or corporation may have taken advantage of situations surrounding a particular community, and with more or less keen insight, attempted to and possibly may have profited by his insight. If such has been the case, what of it, so far as legislative action should be exercised as a possible remedy.

We are all born with equal liberties and rights for action in coping with the world that each may live. That fact does not mean that if one person outstrips the other in the race for success a law should be enacted which would handicap success based upon foresight and ability. No more than there would be a reason why in a horse race the known fleet horse should have its feet hobbled that a naturally less fleet one might have a chance to win the same prize for which each started to contend. A runner by nature against a work horse by nature, is not a situation requiring legislation in favor of either that the work horse may win the pace for which nature did not intend it.

Nor does the idea and democratic principles which lie at the foundation of the system of government in the United States require that either Congress or the legislature of any state so legislate that "hobbies" be placed upon legitimate business, conducted with brains and skill, by persons who take a fair advantage of their intellectual business perception, and use it all to their own personal advancement. Yet if the real purpose underlying the enactment of many regulatory and salutary laws which have found a place in the law books were traced, it would be found that such purpose was to retard the progress of some person, of some activity, or some industry, in the interests of some less successful person, less successful activity, or less successful industry. Or, in other words, many such laws as now exist apparently for regulation of

(Continued on page 6)

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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CONSTRUCTED AND RECONSTRUCTED LAWS AS AGAINST FREAK LEGISLATION

(Continued from page 5)

business affairs, were merely the outgrowth of an envious spirit, envious at the success of others.

Such laws retard, rather than promote the success of individuals. The final progress of state or nation depends upon the material successes of those who comprise the public of that state and of that nation.

What the people of the state of Arizona need is a thoroughly reconstructed code of laws from which all laws which come under any of the classes of laws above referred to or suggested, are eliminated. The present legislature of this state can best serve the people by eliminating present "freak" laws, meaning all laws which are regulatory to no useful purpose, and being so regulatory, are in fact obstructive to industry and ultimate progress of the state itself.

Re-Construction and Constructive Legislation May Mean The Same Thing

The people of this state as a whole do not desire, and are in fact opposed to

any more laws which are destructive of progress, and demand that laws be enacted, if possible, which will be constructive. If "constructive" laws so-called, go into matters which will in fact become "re-constructive" to be effective. Re-constructive in the sense that such laws may weed out any useless office, commissions, departments or independent activities which are now authorized by the present code of laws; or if that re-construction means consolidation of

kindred activities now handled by separate state agencies, then such a consolidation becomes both a matter of re-construction and constructive legislation of the kinds referred to in this article.

Construct and not destruct, by enacting laws which will advance and not retard the business interests, and all private interests and everything thereon depending, upon the success of all of which depends the ultimate greatness of Arizona.

A Remodeling of Our Common School System the Only Way of Reducing Gross Costs of that System

When an attempt is made to establish a uniform system of common schools and high schools in the state that attempt must surely fail, unless as connected therewith there is also established some uniform details as to what shall and what shall not be part of the educational features of that system; or if those details are not established as the guide and control of present boards of school trustees, then the other manner of establishing such uniformity can only come by establishing a centralized unit head with full power to establish the necessary system and power to see to it that such system is enforced throughout the counties of the state. It might be possible for the legislature to prescribe the courses of study to be taught in the various grades of the common schools; it might be possible for that legislature to also enact laws covering what should be the necessary furniture of schools, and what should be included in the paraphernalia to be used in that connection. It would be possible for the legislature to prescribe and detail the whole system. But the impracticability of a legislature making that attempt is that the majority of the legislature are not "expert educators".

It goes without question that the public school system of this state involves the expenditure of by far the larger portion of all taxes raised for all purposes of the state and counties. Connected with that system its management quite naturally divides into two distinct heads, the financial managing head, and the educational head. The one to attend to providing all that the other finds necessary, proper and indispensable to a good educational system for the schools of the state. The one to prescribe what the system requires from the standpoint of purely educational qualities, the other to attend to the details of financing those requirements.

Every business of today finds that as

an incident to success, that the overhead expenses, the cost of purchasing of supplies, must be kept to the very lowest minimum. No matter how much of a purely scientific, technical or experimental nature may be involved in the business transactions undertaken by any successful concern, that concern employs its experts in those necessary lines, and at the same time gives to its purchasing departments the task of supplying what the experts need.

Expert Purchases Standardizing Supplies to Permit Large Purchases Is The Key Note of Lessened Cost And Lessened "Overhead" in Private Business

All successful business enterprises of today recognize the fact that an economical purchasing of goods, supplies, fixtures and other things for use in that business, requires that such purchases be made by experts in their particular lines. Purchasing experts to be successful and hold their positions as such must keep in touch with the markets. Must know when to purchase, and where to purchase the best goods for the least money. They will not load their employers up with a large amount of staples, purchased at the highest market price. They study those markets, and at least attempt to buy at the lowest market. The volume of business done by a private business concern, becomes a controlling factor in the prices which must be paid. Sellers of goods, and manufacturers of goods, all look to the volume of possible sales to prospective customers, and with the possibility of that volume in sight, price their goods and manufactures accordingly. There is a reason why lower prices can be obtained by purchasers who require a large amount of a given class of goods. That reason is the fact that large sales in a single transaction reacts to the benefit of the seller in directly reducing the ex-

enses of selling. To illustrate, let an example be furnished of a business which had its central store, or place of business in the city of Phoenix. That connected with that same business branch stores each handling the same class of goods are established in every county seat, and every town in the state. Let us assume that the entire business, head store and all those branch stores made purchases to the aggregate amount of say \$6,000,000.00 per year. What would be the economies possible connected with buying and selling those supplies. If each branch store reported its needs to the headquarters store, and if by previous records the purchasing department at that headquarters store would be able to anticipate those requirements. If the wholesalers and manufacturers of goods and supplies needed in that entire business, also knew that they could send their representative to headquarters at Phoenix, deal with a purchasing agent there, and with right prices for the right quality of goods and supplies, obtain their portion of the business involved in supplying that entire \$6,000,000.00 business with all which it needed in what each could so furnish, is it not evident that those goods would be priced right in offers made, is it not equally true that the quality would also be of the best standard. The answer can be and is, that every wholesaler and every manufacturer would compete in bids for that business, and with the resulting competition, the supplies of that entire business would finally be acquired at the minimum of cost. The illustration used is not a fictitious one. Our readers may be familiar with the chain of stores which are supplied from the Woolworth building in New York City. The chain of tobacco stores or drug stores and even grocery and provision stores, which have their branches in the towns and cities of the state, are made possible through the effect of the power which the volume of purchases required has upon the prices at which those purchases can be made.

In big business, whether it be a wholesaling business or a business which purchases to resell at retail, the prices have come to depend upon the question of reducing the overhead expenses thereof. If the same manufacturer who in the illustration used, were forced to visit every branch store in the state of Arizona, send special representatives all over the state to drum up the business, the overhead expense of selling the same amount of goods would be unnecessarily increased, each such store would need a buyer of some experience,

with some added expenses on account of that buyer, and thus unnecessarily increase the overhead expense of operating each branch store. Business cannot be conducted with success without profit. Unnecessary overhead is an unnecessary element effecting purchasing prices, and final costs of what is purchased.

The whole public knows the truth as to what is above stated in its connection with the private business affairs of that same public. Business experience of the past, moulded into use for adapting it to the requirements of the keen business affairs of today, has demonstrated that truth.

Adapt Private Business Methods to Our Expenditures for Schools and Economy Would Follow

The state common school system is one of the largest purchasers of services, supplies and technical paraphernalia, in the whole state today. It consumes over \$6,000,000.00 for its needs in those lines in connection with the maintenance of that system for a single year. The cost of maintaining that system in its present form increases year by year, in the face of the fact that it is the policy of the state to establish and maintain a uniform system of schools throughout the state. It might be well to consider

that yearly increased cost as the outgrowth of the failure of the public to appreciate the power which it has, to use its \$6,000,000.00 per year in such a way as to take every possible advantage of the similar purchasing power which that same amount would have in a private business. To do this means no more and not less than to centralize the use of that fund into the hands of a central purchasing agent for the state. If it is not possible to reduce the amount of what must be purchased to maintain the schools, it is still possible to decrease the cost of purchasing by adopting the same successful methods already adopted by private business for that same purpose.

Cut out the multiples of increased selling costs incident to selling direct to the numerous school districts in this state, and there will be eliminated from the drain upon the state common school fund that extra cost at least. If that elimination involves centralization of the power to purchase, then good business and up-to-date methods require that such a power be created.

If the public are seeking to economize in the use of public funds, there is possible an economy along the lines suggested in this article. The power to bring about that possible economy lies with the people.

Exemption From Taxation. Why?

Every person who enjoys the protection of organized government should be willing to contribute to the cost thereof. If any such person is not so willing, then the laws should be so framed that such persons be forced to contribute. When the honest toilers of the soil, when the laborer goes home from the exertions of his every day life, to his wife and his children. When the business man is wrestling with the problem of meeting his bills, paying his expenses, including his taxes. When everyone is striving to the utmost of their capacity, mentally, and physically, to make their home, their town, their city, their state, and all their environments, such that each and all be and become the ideals of what should be, and may be perfection, then it sometimes comes to the minds of men that no matter how they strive, that no matter how much they contribute to the public funds, there may be, and is in fact, some class of their neighbors, some portion of the public, which enjoys all, and contributes little or nothing to the cost, of government, without which everything

would be chaos, nothing would be certain, and from peace and quietude, there would be, or might be only one step backward to the days of the strong arm, the stone age, and the survival of the strong as conqueror of the weak.

Every Class of Property Should Contribute Taxes to Support the Government

This Magazine has many times said that the laws of this state were broad enough, strong enough and were worked out to such a state of perfection, that, if given effect according to the letter and spirit of those laws, everyone would contribute proportionately to the cost of what the whole public has deemed necessary to be done, that every member of that public might enjoy to the fullest extent every public activity which has been undertaken to the possible end of perfection in public advancement. There comes to light, however, the fact, that the assertion alluded to was not entirely exact. There is an exception to all rules. And to the rule that everyone

contributes his or her share to the cost of what they enjoy from the public, there is the exception that certain classes of property which those persons may own, are absolutely exempt from taxation, and being so exempt, the owner enjoys, but to the extent of that ownership, does not, and is not called upon, to contribute to the cost of public activities.

A person may have money; may keep that money in its secret receptacle in or around his or her dwelling. If the tax officer does not know it is there; if the hoard is successfully concealed, then its owner rides free in the course of events which go to make up the expenditures for public purposes which that owner enjoys as fully, as the same results are enjoyed by others whose property can not be as successfully concealed, and therefore gets upon the tax rolls, and pays.

The laws are not lax. Property of real cash, and real cash value may escape taxation for no other reason than simple successful concealment of that property. This is a condition which no letter of the tax laws can remedy.

There is, however, another feature of the situation of freedom from tax burdens which exists under the sanction of the law itself. That is, "EXEMPTION FROM TAXATION".

When the people of Arizona adopted their constitution, and in its lines attempted to so provide that everyone would be compelled to contribute to the support of a state government to exist and continue perpetually under that constitution, that people did say that:

"The power of taxation shall never be surrendered, suspended or contracted away."

And in the same connection, the same people did provide that:

"Public debts, as evidenced by the bonds of Arizona, its counties, municipalities or other subdivisions, shall be exempt from taxation."

When it comes to a question of equal contribution to the luxuries of public government, the question naturally arises, as to just why the person who has one, two or more thousands of dollars to invest in public securities should be exempted from taxation to the extent of that investment, when the rancher, the cattleman, the sheepman, the miner and all others, find their property and holdings irrevocably bound to the payment of tax exempt bonds, interest upon those bonds, and find, that strive as they may, toil and sweat in the heat of exertion, they cannot make their property earn them a net four, four and one-half, up to five and six per cent return

upon their actual investment in that property.

Property Now Exempt From Taxation Must Remain Exempt. No Further Exemptions Should Be Created

Under the tax exemption laws as now exist, there is in public bonds of all kinds in the state of Arizona, over \$45,000,000 of interest bearing bonds which are tax free. Going to the report of the State Board of Equalization, it shows that the exempt bonds are more in value than the assessed valuation of city and town lots, more than four times the value of bank property, over twice the value of all stocks of merchandise, nearly twice the value of live stock, and one-sixth the value of all mining property, as those properties are assessed upon the tax rolls of Arizona for the year 1922.

The present outstanding public bonds of the state of Arizona, its counties and other municipalities must remain exempt from taxation. **But with that inevitable situation, care should be taken, that tax exemption laws should not be enlarged. No new classes of exempt property, no new classes of persons who are able to pay taxes, should be exempted therefrom.** If remedial legislation is the order of the day, then it is worthy of consideration as a question to be answered, whether or not, future investors in public bonds, should not be required to pay taxes upon their investments, even if an amendment to the constitution of the state is necessary to accomplish that result.

Certain it is, that with an excessive

burden of taxes, under which the taxpayers of this state are straining and groaning to meet public requirements, there is no reason why one class of investment should ride free of taxes when all other investments are more or less taxed to the limit, and beyond the limit of human endurance.

Safe, sure, and tax free investments may be seductive to investors. Public bonds are such investments. But true Americanism has no place for drones. If investments which are non-taxable were withdrawn from the market, that same money would find a place in other enterprises, which in turn would become the means of starting wheels of commercial activities, and so pave the way to public progress with resulting benefit to every member of the public, whether that member be a laborer, a merchant or what he may.

Public progress, private progress, and all other kinds of progress which will ultimately tend to the advancement of mankind, will follow from the necessity of hustle and rustle to make the wheels go. There is no place in the scheme of affairs for any "sure-thing" actors. Tax-exempt bonds are designed to be such surething investments. Place those securities in the same class as other investments, eliminate the certainty and stimulate a necessity of activity among their holders, and by so doing, an equality is established among all, and all would be required to take an equal chance in the ventures of the world, and thrive or perish according to their ability.

The Nevada Tax Review

There came to the office of the Magazine the first issue of a magazine published by the Nevada Public Economy League, entitled "The Nevada Tax Review." Its pages present the tax problems of that state and its various counties in the form of comprehensive diagrams, accompanied by tables of figures and editorials, which certainly marks the first issue as one of the very best of the publications bearing upon subjects to be covered by it and by future editions.

The purposes of the League, as stated in the Magazine are:

1. To aid, encourage and promote the observance of economy in administration of public business, in the State of Nevada, and in the Counties, Cities and other political subdivisions thereof.

2. To co-operate with and assist the

work of all local, county, municipal and State associations or organizations engaged or interested in promoting economy in the expenditures of public funds, and to assist and co-operate with public officials of the State and of cities, counties and other political subdivisions of the State in the furtherance of the objects of the League.

3. To aid and assist in obtaining public economy in administration of public business as may be deemed wise and necessary for the public welfare."

Those principles are similar and in harmony with the principles of the Arizona State Taxpayers' Association, and as the new magazine has entered into the field where much good may be accomplished, the Magazine wishes it every possible success.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TEN

PHOENIX, ARIZONA, FEBRUARY, 1923

NUMBER TWO

SAFE INTEREST-BEARING SECURITIES FOR STATE LOANS

When Trust Funds for support of State Schools and other State Institutions are in jeopardy, when portions of the principal thereof are apparently in danger through insufficient securities, when nearly one quarter of a million dollars of interest upon loans from those Trust Funds is unpaid and taxes upon lands upon which mortgages have been taken as security for those Trust Funds are also delinquent in many instances, it behooves our lawmakers to read and consider closely and seriously the constitutional provisions which do and should be made to control the making of future loans. Those provisions read:

"The State Treasurer shall keep all such moneys invested in safe, interest-bearing securities, which securities shall be approved by the Governor and Secretary of State, and shall at all times be under a good and sufficient bond or bonds conditioned for the faithful performance of his duties in regard thereto."

If past experience with the present character of securities taken to secure loans of those Trust Funds has shown failure to produce results in sure income to the State from interest payments upon loans, then a new character of security should be required which will in fact be, SAFE INTEREST-BEARING AND INTEREST-PAYING SECURITIES.

EDITORIAL COMMENT

A Review of Proposed Laws from the Standpoint of Taxpayers and Real Benefit to the General Public

At this writing the sixth legislature has been in session one-half of its allotted time, and some ninety odd "horse bills" have passed into the hands of the printer, and nearly seventy "senate bills" have taken the same course. All of these are proposed as laws in a legislature to which the people of the state are looking for laws which will be along lines of reconstruction, retrenchment so far as expenditures go, and a remodeling of existing conditions to the end of economy in the future affairs of the state. A review of what has been proposed, and what is before the legislature will give our readers an idea of how near their representatives have come to doing the work which the people demanded.

The first thing which confronts the reader is a concurrent resolution number one, which is a proposed compact or agreement between seven states through which flows the waters of the Colorado river. Was proposed under an act of congress permitting the seven states interested to enter into a "compact or agreement providing for an equitable distribution and apportionment among the states of the waters of the Colorado river, and of streams tributary thereto," all to the end as stated in the proposed compact, covered by the resolution, "to establish the relative importance of different beneficial uses of water, to promote interstate comity, to remove causes of present and future controversies, and to secure the expeditious agricultural and industrial development of the Colorado river basin, the storage of its waters, and the protection of life and property from floods." There is no doubt that the rights of Arizona should be preserved in some form that the future generations may enjoy their necessary share of what is contemplated in the compact. The compact as presented calls for no present appropriation from the states interested. Its importance is not minimized when it is dropped from further consideration at the present, when matters of ways and means, the solving of present financial problems of the state and its people, is the present all absorbing problem in the public mind.

Why Unlawful to Conduct Company Stores.

House Bill Number Three deals with a subject of much concern. It would provide, if it should become a law, that:—

"It is and shall be unlawful for any corporation, association or company, engaged in the mining, milling, or smelting of ores in this state, pursuant to the laws thereof, employing fifty or more employees, to acquire, own or control, in whole or in part, or to possess any financial interest in, or to conduct or carry on, or operate, any mercantile establishment, merchandise, or general store, or any place of business for the barter and sale of goods, wares, or merchandise, (hereinafter referred to or designated as mercantile establishment) to its employees or to the general public within the state of Arizona."

The act wholly fails to point out just what there may be in the business of buying and selling merchandise, which is so detrimental to the public interests, that an employer should be prohibited from supplying employees with the necessities of life. The "commissary" or

"company store" has been an indispensable element in the development of the isolated districts of the west. The caravans which coursed the trackless deserts, the mountain trails, and marked the course of prospector and searchers for wealth, all carried their supplies with them. Here and there along the course from east to west, the yellow gold, the silver, and the copper became alluring. A camp was established to mine, and from that mining grew up the mining camps, which today speak for a great portion of the wealth of Arizona. The growth of such camps furnished employment for the many. But with that employment came the imperative need for food, clothing, and the other necessities of life. Live and eat, while you work and earn. But from what source that living, unless through the foresight and providence of the owners of the mining camps? From that necessity there has come into being large merchandising establishments. All of these lend their contribution to the wealth of the state. All contribute to taxes which are necessary for the support of the particular town or city,

RIGHT TO THE POINT

The Magazine in this issue has commented upon proposed laws which are engrossing the attention of the present legislature; it has done so quite at length. It was desired that our readers know details rather than conclusions. One Phoenix paper, The Messenger, sums up the whole work of the session in language as follows:

"TOO MANY LAWS NOW"

"Rather an unusual number of bills have been introduced in the legislature up to the present and of the vast volume but little good could come if enacted into law.

"Our opinion is that most of this useless whittling could be relegated to oblivion by indefinite postponement, with profit to the state. Some new laws may be necessary and a few, like the election law, need repairing, but there is need of killing three acts now existing to one new measure needed to be passed. Why fill the hopper with rubbish? It is only in the way of good legislation."

Confirming and concluding what the Magazine presents more in length.

the county, and finally to the state itself. Why should it suddenly become a serious misdemeanor subject to fine of not less than five hundred dollars per day and from that fine up to two thousand dollars per day for each day, a company runs its store and supplies its employees with the necessities of life? Every law which is placed upon the statute books should have a foundation of some really existing evil to be corrected. Some wrong to be righted. Reading House Bill No. 3, from one end to the other, there is no suggestion of any reason for its presentation to the legislature. If the proposers of the bill have any reason in mind, then let them write those reasons into the law itself. In the abstract, just as it reads, the proposed law strikes a blow in the dark at existing institutions, and wholly fails to disclose why that blow is to be stricken. The law of supply and demand, barter and trade, has been a law which has marked the growth of enterprise throughout the known world. History so far as its pages are lined with tales of peaceful occupations, deals with trade and commerce. The thought of a shorter way to the possibilities of opening trade relations with the East Indies was the controlling thought which made it possible for the discovery of America itself, the first step towards the creation of the greatest commercial country the world has ever known—the United States of America. Yet it remains for an Arizona legislature to expend its time considering a measure which makes it a crime to buy and sell goods, wares and merchandise. Legitimate pursuits, made so through the course of history, would become illegitimate in Arizona, through an arbitrary act which is supported by neither "crime nor reason." This Magazine has no particular axe to grind in favor of any company store which may be located in the state of Arizona. It has the future of Arizona in mind when it opposes any proposed law which to its mind would strike at the foundation of legitimate business. It is to be hoped that House Bill No. 3 will be tabled indefinitely by a majority of right minded legislators, and that the legislative will of the present session will be devoted to measures which will promote, rather than stifle and retard every industry, trade and profession, upon the ultimate success of which depends the final greatness of Arizona itself.

Why Unlawful to Collect Honest Bills Due a Merchant Who Employs Labor.

House Bill No. 4 is another proposal which would undertake to deprive employer and employees of an inalienable

right to contract between themselves. The act as proposed reads in part as follows:

"It shall be unlawful for any corporation, association, or company, engaged in mining, milling or smelting of ores in the state of Arizona (hereinafter called the employer) to deduct from the wages or compensation due its employees for labor, any sum owing to it or to any person, co-partnership, company, association, for goods, wares, or merchandise, or for any claim on account of any indebtedness contracted by such employees; the entire sum of such wages or compensation, due and payable as provided by law, shall be paid to such employees without any deduction or subtraction therefrom of any sum whatever; provided, that any sum of money loaned or advanced by such employer to its employees, may be deducted from such wages or compensation; and provided further, that when any such employer furnishes or provides for medical and hospital service or medical service for its employees, then a charge therefor may be deducted from such wages or compensation." What is the idea of making it a misdemeanor for a man to take what is his just dues? Are the laboring men of Arizona so helpless, so devoid of contracting powers for thought and action, that they cannot make contracts, and live up to them? If they go to a store, get credit, and promise to pay when their wages are paid them, is there any reason at all why the legislature of the state of Arizona should say upon the law books that the laborer is incompetent, that his contract to do that very thing is illegal, that the other party to the contract will be a criminal if he seeks to deal on a man to man, fair and honest basis with his fellow man? Can it be true that honest American labor actually needs the protection of such a law as proposed by House Bill 4? Aside from the question of whether such a measure would be constitutional or not, the measure itself in the language in which it is written, becomes a back-slap at the intelligence, at the mental competency, and the ability to protect self, which is an attribute of every man. Does labor in general need a legal guardianship established over it? Such an idea is absurd upon its face. Yet House Bill No. 4 would arbitrarily establish such a guardianship, and do so for some freakish reason, not apparent in the language of the act itself. Until some real reason is advanced as a reason for the enactment of laws of that character, the waste paper basket is a proper receptacle for such proposals.

House Bill No. 5 is an innovation

upon established law and precedent. A per diem allowance of fixed amount, with a traveling allowance of so much a mile, has been one of fixed things in the criminal code of Arizona and other states, for time without mind. To abolish all this and provide by law that any witness be paid such sum as is actually and necessarily expended in attendance at court in response to a subpoena, including hotel bill while in actual attendance, opens the doors to unlimited cost in connection with criminal prosecutions, and seems to come ill-advisedly at a time when law-makers are striving to curtail, rather than increase the cost of administering the affairs of the public. A person may be called to jury duty, to witness duty. The present per diem may not, and quite often does not, reimburse that person for the actual loss of time and salary. But in theory, and by time honored practice, every man owes his county and state sacrifices which must be made under certain conditions, and so it is with loss of time, loss of money, and the like when attending as a witness. In the trend of events, the burden may fall first upon one, and then upon another, in the future as it has in the past. It is no time for experimental laws. Leave well enough alone, until a tired public finds itself and can cope with its present financial problems.

House Bill No. 30 appears as a substantial re-enactment of what is now paragraph 3207 of the Revised Statutes of Arizona, relating to jury fees and places the per diem at \$3.00, reducing it from what the 1921 legislature increased it.

House Bill No. 31 provides for a repeal of the real estate broker's license law. The repeal of this act makes no real difference to taxpayers. The law as it stands provides for fees which made the department self-supporting and passed a credit balance to the general fund of about \$3000.00. The real estate men who first asked for the passage of the law called for its provision to elevate the morality of persons engaged in the real estate business and it protects the people of the state in general who have been dealing as buyers or sellers. No reason exists for its repeal.

House Bill No. 58 is an appropriation bill for the relief of the widow of Charles E. Moore, who was killed while blasting during the construction of the Superior-Miami highway. It proposes an appropriation of \$10,000.00 for the purpose. House Bill No. 74 is a similar bill appropriating the sum of \$750.00 for the relief of one Brigado Hurtado,

also an employee of the state highway department injured while employed near Seligman. Since the Supreme Court has recognized the right of the state to respond to its moral obligations to those who are injured while employed in state work, these bills and many others have been introduced. The facts as to the matter of liability, the extent of the injuries, and the proper amount of compensation in each case, has been fixed by the legislature. It can be suggested that this body is not primarily equipped for a determination of such matters. The growth of special appropriation laws covering such cases is a step towards the establishment of a dangerous precedent. Is in a manner infringing upon the proper functions of the Judicial Department of the state. If, instead of fixing amounts to be paid, the legislature would, if it intends to establish a state policy of liability in such cases, provide a manner, mode and form of procedure, and vest jurisdiction in the courts to hear and determine all such matters, more nearly equal justice would finally be done, and the state would never be imposed upon. All that needs to be done would be to revive in favor of those who have been injured, and continue liability of the state in future similar cases, by waiving the sovereign exemption of the state from suits, and then let the courts do the work, and administer justice in state cases as they do in cases between individuals and the individuals as parties to damage suits.

Do Not Remit Money Due the State for the Support of Schools, Etc.

Senate Bills. There are some senate bills which add nothing of importance to the proposed laws of the state. But when Senate Bill No. 12 is read, once more there comes to mind an attempt to relieve the weak, as against the strong and resolute. That bill reads:—

"All annual rentals, penalties, costs and interests now owed by lessees of state lands, of every kind and character, to the state from and through the agency of the State Land Department, and that now appear due and unpaid on the books of said State Land Department up to and including the 30th day of June, 1921, are hereby declared to be, and from and after the passage of this act, and its approval by the Governor, shall be cancelled, and so recorded on the books of the said State Land Department.

"All penalties, costs and interest now owed to the state for the lease of state lands, leased through the State Land Department, for the fiscal year ending June 30, 1922, are hereby declared to

be, and from and after the taking effect of this act, shall be cancelled, and so recorded on the books of the said State Land Department."

What is the state coming to? One more step proposed in the same direction of Senate Bill No. 12, following upon the heels of a bill which remits all penalties for non-payment of taxes. Connected with a bill which provides, and if it should become a law, that two years be added as a proper time within which delinquent mortgagors may redeem from the payment of a foreclosed mortgage. Two years for redemption from tax sales, with all penalties relieved therefrom. Relief after relief proposed for the delinquents. Some of the proposed laws amount in effect nearly to repudiation of just debts and dues. If land rentals past due and unpaid are remitted, just that much will be cut off from what has been needed and depended upon for the support of the schools, the university, and other institutions, the lands of which are in trust and the subject of lease for their support. If public dues are to be remitted, from what source will come the support of public activities? What will be the use of one man paying his share, when his neighbor can get off scot free, and derive the same benefit as the one who pays? The proposition of remitting rents seems to be no different from the proposition that interest upon the Lyman Dam project be remitted and paid from the general funds of the state. That proposition was held to be unconstitutional. There can be no substantial difference between remitting rents due the state upon its lands held in trust, than to remit interest due upon trust funds derived from the sales of similar trust lands. Follow the idea of remitting a little further. Suppose the legislature should relieve banks from the payment of taxes for one, two, or three years. Or relieve town and city lots, or relieve any other class of property from public burdens. Every other property owner would have just cause for remonstrance, and there could be no disputing the fact that such remonstrances would be just and well founded. When any attempt is made to place the burdens of government in unequal amounts, that attempt is contrary to every principle of taxation, and every theory as to how public burdens should be distributed. The theory of equality lies at the bottom of the whole matter. Destroy that equality, and a blow is struck at the very foundation of government itself. It is to be hoped that the illy-considered effect of Senate Bill No. 12 will become quickly apparent to the legislature, and that it will be put

aside that our legislators may devote their time and attention to relief measures, where relief to taxpayers will have at least a semblance of equality to all taxpayers, and not tainted with positive features of partiality to any class or classes of them.

The 1921 legislature created an office known as the Arizona Immigration Commissioner, whose duties related to the matter of a temporary admission into the state of Arizona of aliens, not otherwise permitted to enter the United States. The reason for the office was to provide cheap labor from Mexico, to relieve the exigencies of cotton growers and ranchers. The class of labor required was not present in Arizona, and some provision had to be made for obtaining it. Hence the office was created with its powers. The special session of the legislature in 1922 omitted to appropriate anything for the salary or for the expenses of performing its duties, and in consequence, since July, 1922, the office existed in name only. Senate Bill 21 proposes a repeal of the law. As it formerly existed, there was salary of three thousand dollars per year, and necessary expenses. If the office is abolished, that amount will be eliminated from state expenses.

The question of handling purchases for the various state institutions, the handling of their accounts, and other things connected with their money affairs, has attracted the attention of nearly every legislature which has convened since statehood. Coming through from territorial days, there was the board of control. The executive of the state, the auditor, and a secretary handled the business. In 1917, it appeared that the duties involved consumed too much time, or something else, and a commission of state institutions was created. A bungalow was erected upon the capitol grounds to house the operations of that commission. For two years this commission existed as a beehive of activity, expense and expenditure until the legislature of 1919 abolished that commission, and created a board of directors of state institutions. The board was given control of the state fair, the hospital for the insane, the industrial school, the pioneers' home, the state prison farm and state prison, the capitol building and grounds, and all other charitable, reformatory or penal institutions that are or shall be by law established and maintained by the state of Arizona, together with such other state institutions for which no management is otherwise provided for in the law. Two substantial salaried officers were provided for in the law. One a director, the other a purchasing agent,

to have \$4800.00 per year and necessary expenses. The expenses of the operations of the board of directors was covered by a continuing appropriation of \$25,000.00 per year. Now comes Senate Bill No. 31, of the present legislature and proposes the repeal of the act, and with that proposition, puts nothing in its place.

In 1917 the legislature passed what Chapter 59 of the session laws of that year, wherein it is provided for the organization, control and equipment of state normal and high school cadet companies, and for the promotion of rifle practice therein, and carried an appropriation of \$7500.00 per year. Senate Bill 32 proposes the repeal of that law, which would mean an abandonment of military training among the school boys of the state. The policy of such physical training as comes from organized cadet companies, the benefits thereof to our growing youth, as against an abandonment of it all, is a question of legislative discretion. If the repeal is contemplated as a matter of economy, the amount to be saved is merely minimal. It may be ventured that no comparison exists as between a generation of physically fit boys and men, and the saving of \$7500.00 per year to the taxpayers of this state.

The thought of doing something for soldiers in the late war in Europe took the form of an act of the 1921 legislature which was entitled:

"An act to provide homes for soldiers, sailors, marines and others, to assist in

the purchase, reclamation and settlement of farms and worker's allotments and to promote the agricultural interests in Arizona, creating the Arizona Land Settlement Commission and defining the duties thereof, and making an appropriation for the use of such commission in the purchase, reclamation and settlement of such homes, farms and allotments and making loans to settlers thereon."

The act in its provisions empowered the commission to purchase lands, improve same, divide them into homes and workers' allotments, and sell them to soldiers, sailors and others who were citizens of the state of Arizona at the time of war. The act carried an appropriation of \$100,000.00 for the purpose of carrying out its provisions. It was found that the appropriation was wholly inadequate. Two attempts were made since the passage of the law to acquire a tract of land. The officers of the state were unable to agree with committees of soldiers who concerned themselves actively in the matter, and up to date the appropriation of \$100,000.00 remains intact. In these circumstances, Senate Bill No. 37 proposes a repeal of the entire law.

In 1921 the matter of special legislation to prevent delinquency or dependency among minor children by providing for child welfare boards, and by providing for certain allowances to widows and deserted mothers of minor children became the subject of a law as Chapter 53 of the session laws of that legislature. The purpose of the act was to

provide a mild method of handling special cases, whereby parent mothers could be assisted without the ignominy of becoming inmates of county hospitals, and children could be provided for in homes less severe than in the state reformatory. The object was to remove the causes of dependency and delinquency in minor children rather than to cure cases where that delinquency already existed. Just how effective the law has been towards the accomplishment of its purposes cannot be estimated. The law carried with it an annual appropriation of \$30,000.00. Senate Bill 41 proposes its repeal.

Senate Bill No. 42 proposes an appropriation of \$100,000.00 for the purpose of a purchase of a site for a home for disabled miners, for the erection of a building and for its furnishing and equipment. The bill also carries a provision in the shape of an open appropriation under which all claims for purchases, construction, erection, furnishing, operation and maintenance of the home shall be paid by the state auditor.

This resume of the proposed laws which are commanding the attention of our lawmakers will give our readers some idea of what may and may not be accomplished in the way of abolition of useless commissions, in the way of economy in the matter of expenditures to be provided for in the future. The actual results will come before the people when the session is ended.

STATE LOANS OF TRUST FUNDS

When Congress donated to the new state of Arizona its school lands and other institutional lands, it did so with the trust attached thereto that the incomes from those lands, and all incomes derived therefrom, should go to the support of the schools, other educational institutions, and other proposed institutions according to language of the grants. At the same time Congress also provided that funds derived from the sales of any of such lands should become a trust fund, and interest therefrom to be used for the particular purposes for which the lands from which each such funds was derived had been donated.

Congress was very specific as to how these trust funds were to be handled and by whom, acting for the state, it said in the enabling act that:—

"The state treasurer shall keep all such

moneys invested in safe, interest bearing securities, which securities shall be approved by the Governor and Secretary of State of the proposed state, and shall at all times be under a good and sufficient bond or bonds conditioned for the faithful performance in regard thereto, as defined by this act and the laws of the state not in conflict therewith."

The state constitution adopts the above provision in regard to the duties, except that the clause "as defined by this act and the laws of the state not in conflict therewith" is left from the constitutional provision. It thus leaves it the clear duty of three officers of the executive department to determine what will be "safe interest-bearing securities" in which to invest the trust funds derived from land grants. A situation which upon the face of the provisions referred to left the mat-

ter of handling these funds, as an executive matter, and for the high officers of the executive department to perform the trust, and to see to it that investments of those funds were in fact made in safe interest-bearing securities.

In connection with the Land Code of 1915, a provision was inserted relating to the character of loans to which such land funds might be used. The substance of which was, that they might be loaned only upon cultivated farm lands. In 1917, this provision was amended to read:—

"Loans on first mortgages on farm lands shall not exceed the amount of one-half the actual value of any tract of land the loan may cover, which value shall be determined by the (Land) Commissioner, and without such appraisal and the recommendation of the Commissioner (sic

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STATE LOANS OF TRUST FUNDS.

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loan shall not be made. * * * When loans are made upon unimproved farm lands they shall be conditioned upon the entire amount loaned being employed, under regulations to be adopted by the Governor, Secretary of State and State Treasurer, in the improvement of the lands forming the basis of the security," and with this amendment, the "nigger crept into the wood-pile." Starting with the provision that loans should not be made to exceed the "amount of one-half the actual value of any tract of land the loan may cover," it winds up with a proviso under which the element of speculation entered into loans made upon "unimproved farm lands." That speculation in the first instance being as to whether with the improvements actually made, would the actual cash value of the lands be twice the amount of the loan made. In actual practice under the above law, loans were actually made upon unimproved desert lands, without water, and without water rights, expecting that those loans would be used to develop water. A speculative proposition which Arizonans know is far from making a loan of that character,

"a safe-interest-bearing security" for the investment of trust funds derived from state land sales.

Regardless of whose fault it may have been, the fact remains that one series of fifteen loans of \$5000.00 each was made upon the basis of tracts of desert land near Maricopa, at the rate of \$50.00 per acre for portions of those loans, and at the rate of \$33.16 per acre for other lands. Lands which were not "farm lands" to start with, lands which were not actually improved with the proceeds of the loans, lands, which unless water can be developed, will never be of value as farm lands at all. These loans have now run for several years, and no interest has been paid the state. In addition thereto, taxes to the amount of several thousands of dollars are now delinquent upon these lands. The state is getting hit twice in the same place. It is deprived of interest money which it might have had for the support of its schools and other state institutions, if the loans had been made in "safe interest-bearing securities" and it is not getting any taxes.

A recent report of the state treasurer shows that the state has loans outstanding to the amount of \$1,475,637.66, upon which there is delinquent and past due interest to the amount of \$227,144.05. This last amount means that taxpayers are carrying \$227,144.05, in addition to carrying over \$3,500,000.00 of delinquent taxes upon the tax rolls of the state. The first item should not have to be carried at all if the loans had in fact been confined to safe interest-bearing securities.

Once again the state finds itself where it must anticipate future income from taxes by an "anticipatory tax loan" of \$2,000,000.00. Itself a loaner of money, it finds itself in a position where even

with its other sources of revenues, including incomes from state lands, interest upon land loans, and tax collections, is unable to carry on without borrowing and paying interest.

It might appear that instead of attempting to continue the same policy of loaning funds upon farm lands, improved and unimproved, the state select some other class of interest bearing securities upon which to make loans. In addition to being forced to pay interest upon a new issue of "anticipatory tax bonds," the whole public of Arizona is paying interest upon outstanding bond issues amounting to over \$45,000,000.00 including state bonds, county bonds, school bonds, and bonds of its towns and cities. Some law could be enacted, directing the discretion of the executive officers having charge of the loaning of state funds, to the higher class of bonds issued by the state, the counties, and established cities and municipal corporations of the state. Not in bonds of districts which are speculative as to future success, but in bonds which are issued and will sell at par, because of the known financial responsibility of the particular portion of the state which issued those bonds or may hereafter issue them.

Leave some portions of the development of the lands of the state to such things as will attract private capital. If private investors will not make a loan for any purpose, then certain it is that the trust funds of the state should not be used to fill in the breach.

With respect to the matter of loaning state funds, it is the firm belief of this Magazine, that safety for the future of those funds depends upon changing the character of the securities rather than attempting to increase the caution in making loans upon the same class of security as now accepted for such loans.

A Proposal to Abolish the Budget Law

Senate Bill No. 40 proposes to repeal Chapter 61 of the session laws of 1919. This law is commonly referred to as the "Budget Law." This Magazine has at all times advocated such a law, and in doing so has voiced a growing sentiment of the most advanced students of public finances.

To go back to the system as it existed prior to the enactment of the budget law, would be to return again to such laxity in the keeping of accounts of public expenditures as would leave the matter of just where the money was expended, the real need for such expen-

ditures, without any light as to where economies might be practiced and efficiency remain.

To give our readers some refreshed idea of what the budget law as it now exists in Arizona, some of its controlling language is quoted, as follows:—

"It shall be the duty of the head official of every office, the chairman of each state commission, the chairman of each state board, the officer in charge of each state institution, and the person in charge of the distribution or disbursement of the funds of any and every other state agency, to make or cause to

made the reports required by this act, setting forth the financial condition of the particular state agency of which he is the head."

The law requires that forms for the making of the required reports shall be prepared in the Governor's office, distributed on or before June 30th of each year. The requirements of these forms as provided by law, is that:—

"Same shall be so prepared that the reports made thereon shall tabulate the items pertaining to each subject, object or purpose appearing therein, all so stated as to be readily compared with each and every other reference to that same subject, object and purpose. Said forms shall provide for and require a statement of the amount of each and every appropriation to each and every fund under the control of the state agency whose report it is to be. The actual amounts received and placed to the credit of each such fund, including the balance remaining at the beginning of the fiscal year covered by the report; the encumbrances outstanding against that balance arising from prior activities; the amount of the true unencumbered balance of each and every fund. Said forms shall further require particular amounts received during the year and credited to each fund, the sources thereof, whether from taxes or from other sources and shall show the revenues, if any, during the previous year, but not actually received and credited to each fund. Said forms shall require such a classification of items and details pertaining to the actual distribution of revenues to funds according to

the specific objects and purposes stated in appropriations, and that each item of expenditure was for a purpose and object stated in the appropriation from which the expenditure is made. Such forms shall require such a separate and distinct segregation of each special activity of every department, commission, institution, office and other agency, that the revenues for the support of each activity as mentioned in any appropriation, the distribution of those revenues, and the expenditure and use of the money thereof, shall appear distinctly separated from the revenues, funds and expenditures of each of the other activities of that same agency."

Reading these provisions, and carefully considering their purposes, it appears that the budget law contemplates a complete balance sheet of each particular public activity of the state. What funds are available for each, whether those funds must be raised by taxes, or will come from other incomes. The law requires that the legislative discretion as to how much shall be used for any purpose shall control the actual use of those funds. Every appropriation made for a specific purpose must appear to have been used for that purpose. These provisions put a check upon a general commingling of funds, regardless of the purpose for which an appropriation is made.

The budget law as it exists does still more. By requiring an accurate and specific accounting of funds according to purposes, it gives department heads a clear way of knowing what it is costing to operate each and every activity

under their charge. By comparison, office by office, one similar state activity with others entailing similar expenses and expenditures, some index will certainly be given as to where any unnecessary expenditures are made.

Prior to the existence of the budget law, legislatures were more or less at sea as to just how much it did cost to run any department. The heads of the departments asked for, and received, appropriations. The legislature in 1919 appreciated that situation, found appropriations increasing year by year and taxes growing in the same proportion. Found deficits to be met, and in its wisdom adopted the budget law. Its purpose was to provide checks, and furnish information, in addition to the other features referred to above. In plain English, the real purpose of a budget law is to let the people know what their officials are doing with public money, how much the required activities of the state are actually costing. And a means also of reducing expenditures by elimination of items not clearly necessary to any public activity.

Good business in private lines is organized and is conducted along budget lines. The larger the business, the more necessity for a budget. The public expenditures of the state of Arizona run into millions of dollars annually, and good prudence makes a budget as essential in matters of public business as in private enterprises.

It is to be hoped that the present legislature does not abolish the budget law.

Is It Wise to Remit Tax Penalties?

To the great majority of the people, the payment of their proportion of the cost of the government under which they live is an obligation as sacred as the obligations to feed the babes which surround their family board. No matter how much hardship may follow from the performance of the duty which each individual owes to the public, that duty of paying taxes for the common good of all, that all may enjoy the protection of organized government, there are so many who will pay, and so few who will not pay. So many who will pay, and so few who do not pay, that any law which has for its object the remission of penalties, the extension of time of payment, or other so-called relief to taxpayers, will be a law which inures to the benefit of the

few who are looking to escape the payment of taxes, and will not benefit the people who really need relief.

If Tax Penalties Were Remitted Honest Supporters of Public Affairs Would Still Pay and the Indolent Escape Payment.

If a law should be enacted under which all penalties for the non-payment of taxes are eliminated. If no suits for the collection of taxes are to be brought for one year, for two years, or more years, if such suits are to be left in abeyance with redemption privileges for two years, then let us ask the sane question, as to who and how, and from what source will come the means of paying for the expenses incident to the operations of the affairs of state, coun-

ty, and the cities in Arizona, its schools and all other activities. Will there be enough taxpayers who feel a moral responsibility, sufficiently strong, to put their hands in their pockets and pay, and pay enough into the public treasury to keep the wheels of government running, while the indolent and neglectful members of the same public, who enjoy the same privileges from each and every public activity, take full advantage of a remission, and pay nothing to the cost of it all?

The power to tax is an arbitrary power. It is a power which is necessary to the existence of government. The amount of taxes to be raised and expended is a thing which demands the most careful attention of law-making bodies, at times when it is apparent that

the amount of taxes required, is beyond the ability of any portion of the public to pay. But whether or not taxes are high, or taxes are low, No matter if times are hard, and money is tight and not easily obtainable for the purpose of paying taxes, there exists no reason why anyone should be relieved from payment of the same proportionate amount that others do pay in taxes.

The legislature may be inclined to be charitable. It may have in mind the relief of persons who cannot pay their taxes, when it proposes to remit penalties, suits and forfeitures for non-payment of taxes. But would such measures do the work. Would the burden be relieved? Would not the burden fall heavier upon the person who did and would pay his or her taxes, and let the drones escape entirely.

Reduce the Amount of Taxes Rather Than Remit Penalties for Non-Payment.

The problem of relief from taxation

arises primarily in the amount appropriated for public activities, which amount must be raised in taxes. Reduce the appropriations, bring the expenditures down within the means of the honest taxpayers to meet and pay their taxes, and then such delinquencies as appear upon the tax rolls will, in the main, be inconsiderable, and require no relief. Those delinquencies will be only such as follow the ordinary course of events. There are people who will not pay their bills anyway. The longer they can escape payment, the more happy they are. Legalize delay, and those same persons are pleased. The persons who should have the benefit, and should have relief if anyone does in the view of the laws referred to, are the very ones who actually won't get that relief, for no reason at all than the fact that such persons are the ones who do carry their share of every pub-

lic burden, and pay their taxes on time and when due.

No, if taxpayers are to have relief must come from lessened taxes rather than from relief from penalties on account of non-payment of the taxes which are levied. Public affairs cannot be conducted under conditions of uncertainty. Everyone must be forced to toe the mark when it comes to lining up and paying taxes. Remove the compulsory process and the laggards will never fall in line, and the delinquencies will be just as many in number and amount as they now are, with the innocent still bearing a double burden, increased as it would be by the shortcoming of others, as to whom such shortcomings, would, in event penalties were removed, have about the same effect as a repeal of all criminal laws. The guilty would go scot free, and the law-abiding citizen would be the sufferer.

Tune Up the Laws of Arizona

For more than ten years the various legislatures of the state have been framing laws. Those laws have found their place in the 1913 code, and in the session laws which have followed. But what does it all amount to. Are the people of the state any more contented? Have they any more protection to their homes, their lives and their property, than they had in territorial days? This act is penalized. That act is penalized. A misdemeanor for that, and a felony for the other, all "according to law", and still the prisons are filling up, the jails are crowded. Crime is rampant and why? Just because there are too many laws which serve no useful purpose. Laws which when enacted are not fully considered, not really desired by the people, and when they appear upon the law books, have not, and never will have the moral support of the communities. A revision of the laws is a thing desired by the people. And so it is that the people of this state will welcome an enactment like House Bill 35. A bill that has for its purpose, as expressed in its title, "To provide for the revision and consolidation of the statute law of the State." The title of the act does not express the full significance of its purpose. That can only appear by a quotation from the body of the act itself, reading in part as follows:—

"Within thirty days after this act becomes operative the Governor is hereby authorized, directed and empowered, to

appoint a code commission to consist of three competent lawyers, no one of whom shall be a member of the present legislature, to revise and consolidate the general statute law of the state which may be in force at the time the commission shall make its report. In the performance of this duty the commission shall bring together all the statutes and parts of statutes relating to the same subject matter, omitting redundant and obsolete enactments, and such as do not pertain to existing rights and remedies, make alterations to harmonize the statutes as construed by the courts, reconcile contradictions, supply omissions and amend imperfections in the original acts, to the end that the general statutes may be as concise and comprehensive as is consistent with clear expression of the will of the legislature, rejecting all equivocal and ambiguous and circuitous and tautological phraseology."

The idea of the bill is good. But there are some weaknesses in the act which cannot be overlooked, and caution should be called thereto. The legislature cannot delegate its legislative powers to any commission at all. A wisely constituted commission can without any doubt at all, find room for a real revision of the many laws which are on the books, that commission can find the inaccuracies, the contradictions and imperfections in those laws. But when those have all been found out and pointed out, another legislature must

use its powers. It must enact, re-enact, and adopt, the work of the "code commission," pass as law all that such a commission recommends, or the state of Arizona will find itself without any real code of laws at all. Or find itself in a hopeless jumble upon the point as to what is the law.

The writer of this article fully appreciates the necessity for the doing of this work, contemplated by House Bill No. 35. But no reasons exist for the printing of three hundred copies of the report of the commission. It cannot be assumed in advance, that the Seven Legislature will ratify the entire work of such a code commission as may be contemplated by the bill referred to. Unless that can be assured as a certainty, then a printing and distribution of the report would be expense without result, and would be contrary to the principles of economy which are supposed to govern the present legislature and its duties to the people.

Along the lines of this article, House Bill 35 needs some smoothing out before it leaves the legislature. If the real idea of that bill is to revise the laws, well and good, let the suggestion come from the proposed code commission. But until the suggestions of that commission are adopted by the legislative power of the state, there is no reason why printers' bills should be paid by the taxpayers of the state.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TEN

PHOENIX, ARIZONA, MARCH, 1923

NUMBER THREE

Legislative Appropriations For Coming Bi-Ennial Period

Using the word "Appropriation" as meaning "Amounts Authorized for Expenditure" as it does mean under the Financial Code of 1922, the Sixth State Legislature appropriated

\$ 12,220,760.00

of State funds for expenditure for State purposes for the two fiscal years, July First, 1923 to June Thirtieth, 1924, and July First, 1924 to June Thirtieth, 1925. Included in these figures are estimated amounts of "Other Sources of Revenues," of all State Offices, Institutions and Departments, of which \$3,671,592.75 as the total appropriated for common schools depends entirely upon an estimate as to amount needed to raise \$25.00 per capita of daily attendance, which fixes the tax raised portion of that fund, with the amount of other sources of revenues to common school fund also a matter of estimate. Of which total \$2,621,000.00 is the amount appropriated for roads, including the direct tax of ten cents per hundred of assessed valuation to be levied each year, with sources of revenues from motor vehicle licenses and the Gasoline Tax estimated to produce \$460,000.00 per year for road purposes. In the next issue of the Magazine comparisons will be presented as between the \$12,220,760.00 appropriated as above, and the appropriations of the preceding Legislature.

EDITORIAL COMMENT

SYNOPSIS OF STATE HIGHWAY APPROPRIATION BILL

SECTION 2.

"For the purpose of refunding for use on the specific and designated highway projects, hereinafter named, of funds paid by the counties of the State of Arizona, hereinafter named, to the State of Arizona, for the use of said Board of Directors of State Institutions and said State Engineer, for the construction of such specific and designated projects, and diverted prior to January 1, 1923, by said Board of Directors of State Institutions and said office of State Engineer, to purposes other than the construction of said specific and designated projects the State Treasurer is hereby authorized and directed, immediately upon the passage of this Act and its approval by the Governor to make transfers out of any monies in the 25 per cent apportionment account of the general Fund of the State of Arizona, as follows:

The sum of 9,061.79 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 51 now in the course of construction, or to be constructed in Coconino County.

The sum of 103,219.84 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, Nos. 61 and 62 now in the course of construction, or to be constructed in Yavapai County.

The sum of 98,759.73 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 55, now in the course of construction, or to be constructed in Yuma County.

The sum of 64,817.19 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 43, now in the course of construction, or to be constructed in Graham County.

The sum of 42,316.07 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 56, now in the course of construction, or to be constructed in Maricopa County.

The sum of 123,863.78 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 59 now in the course of construction, or to be constructed in Maricopa County.

The sum of 15,262.64 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 60, now in the course of construction, or to be constructed in Apache County.

SECTION 3.

All monies received from the United States of America, by virtue of any co-operative agreements for the construction of any of the projects named in Section 2 of this Act, between the State of Arizona, and the United States of America, pursuant to the terms of the Act of Congress of the United States of America, entitled, "An Act to provide that the United States shall aid the State in the construction of rural and post roads, and for other purposes," or of any amendment thereto, or pursuant to any other Act of the Congress of the United States of America, enacted for like purposes, shall, when received by the Treasurer of the State of Arizona, be by him deposited to the credit of the respective segregated accounts within the General Fund of the State, of the project or projects, named in Section 2 of this Act, on account of which such monies were so paid by the United States of America.

SECTION 4.

The monies in any of such segregated accounts, as provided in Sections 2 and 3, of this Act, shall be paid out, for and only for the purposes as following:

The reimbursement of the State of Arizona for any expenditures by it in the construction of such project, which reimbursement shall be to the account within said General Fund from which said expenditures by the State of Arizona were made. * * * * *

Provided, that, when the above purposes are fully satisfied, any balance remaining in such segregated account, shall be transferred, by the Auditor and Treasurer of the State of Arizona, to the 25 per cent apportionment account,

within the said General Fund, and may thereafter be available for expenditure for the purpose of such account, as authorized by law; except there shall have been an agreement between the State of Arizona and the political sub-division of the State of Arizona, respecting the disposition of any such balance remaining of the funds so paid to the State of Arizona after the completion of the road project to which applicable, in which event, such balance shall be paid out in accordance with such agreement, upon vouchers of said State Engineer, approved by said Board, to the Auditor of the State of Arizona, who shall draw his warrant therefor, reciting the account out of which payable, to the State Treasurer, who shall pay the same out of such balance remaining in such account and not otherwise.

SECTION 5.

There is hereby appropriated from the funds and monies hereafter in this Act created or designated, the sum of 1,550,000.00 dollars, which shall be paid when and as available to the credit of said 25 per cent apportionment account, in said General Fund, to be expended for, and only for the following purposes:

The refunding for use on any specific or designated highway project, of funds paid by any political subdivision of the State of Arizona, to the State of Arizona, for the use of said Board and said State Engineer, for the construction of such specific and designated highway project, and diverted prior to January 1, 1923, by said Board and said State Engineer, for the construction of such specific and designated project.

At any time the Board shall discover any funds so to have been diverted, immediately upon the ascertainment of the amount thereof, other than those mentioned in Section 2 of this Act it shall so certify to the Auditor and Treasurer of the State of Arizona, who shall immediately transfer from said 25 per cent apportionment account, such sum of money which shall be credited forthwith to the segregated account within the General Fund in favor of the specific and designated highway project for the construction of which such funds of such political subdivision were originally paid to the State of Arizona, and shall be ex-

pending only, as provided in Section 4 of this Act. * * * * *

SECTION 6.

Said Board is hereby authorized to enter into agreements with any political subdivision of this State, by and through the proper governing body thereof, for the use by the State of Arizona, of bond or other monies of such political subdivision, for the construction and completion of the road projects, enumerated in Section 5, of this Act, or for other projects as may be approved by such Board; provided that such road project is situated within the corporate boundaries of such political subdivision and not otherwise. * * * * *

SECTION 10.

For the purpose of providing said sum of \$1,550,000.00, appropriated in Section 5 of this Act, the following monies, funds and license taxes are hereby designated and created:

There shall be annually levied and collected in the manner in which other

State taxes are levied and collected, by a levy of the officials provided by law, a tax of ten (10) cents on each one hundred (100.00) dollars of the assessed valuation of taxable property within the state, for the purpose of the construction, reconstruction, repairing, improving and maintaining State highways and bridges. * * * * *

SECTION 12.

STATE WARRANTS AUTHORIZED TO BE REGISTERED

Whenever there shall not be in said 25 per cent account, in said general fund, sufficient money to pay in cash the expenses provided for by said appropriation of \$1,550,000.00, provided in Section 5 of this Act, as such expense shall occur, then the State Auditor hereby is authorized to issue from time to time his warrants for registration, in an aggregate amount of \$1,550,000.00, inclusive of the aggregate amount of warrants issued and paid out of said 25 per cent apportionment account in the usual course and without registration or is-

suance of Treasurer's certificates, as herein provided, and inclusive of the aggregate amount of interest paid or to be paid thereon, as hereinafter provided, and upon duly verified claims therefor presented by the State Engineer, and approved by the Board of Directors of State Institutions for the payment of expenses authorized by this Act. Each of such warrants for Registration shall be issued in the form and manner as provided by law in the case of other warrants and in conformity with the provisions of this section of this Act; and shall specifically recite that it is issued in anticipation of certain State taxes heretofore levied; * * * * *

Said warrants shall bear interest at the rate of not to exceed five and one-half per cent per annum from date of presentation, said interest to be fixed by the State Loan Board as hereinafter provided.

Said warrants shall be payable at a date fixed by said Auditor, not to exceed six months from the date of issuance. * * * * *

House Bill Number 143 Was for the Protection of State Common School Land Funds and Other Funds. Vetoed

When Congress donated two extra sections of land in each township of the surveyed lands and lands to be surveyed in the state of Arizona for common school purposes, and created a trust the terms of which required that such income as might be derived from such lands, prior to any sale, and the interest upon all money received from a sale thereof should be used for common school purposes. And when Congress permitted the incomes to be used for current support of those schools, and required that the proceeds of and from sales of the lands be invested in **safe interest bearing securities**, the interest thereof to be used for school purposes that body meant just what it said. That the money involved in such trust should be loaned only upon "safe interest bearing securities". The safety of the loan was just as important, as the assurance that the interest would be paid, in order that the terms of the trust be followed.

The Magazine heretofore has commented upon the experience which has followed from the results in the cases of loans which have actually been made in the past. As a result of the interpretation of laws passed by the previous

legislatures of the state, nearly all of the loans actually made from land funds, are in a precarious condition. A total of \$1,475,637.66 of money from these funds has been loaned out. Upon those loans there was past due and unpaid interest to the amount of \$277,144.05, according to a report of the state treasurer made as of the beginning of the present year. This statement certainly warrants the assumption that something is wrong as to the nature of security taken to secure these loans.

Further details are matters of public record. The report of the Senate Committee upon the Lyman Dam loan of a balance of \$629,672.66 of principal, and an unpaid sum of \$84,889.10 of interest upon that aggregate of loans, coupled with a relief bill which was introduced in the legislature, under which, with a Supreme court decision against the measure, it was again proposed to refund the entire principal of the loans, remit all interest which was delinquent, and make the new loans commence to bear interest from the year 1930. Whatever equities there may have been in connection with the proposed relief bill referred to, is foreign to this discussion. That relief bill recites a frank confession that

\$629,672.66 of the principal of trust funds had been loaned upon securities which were neither safe, nor interest bearing. Another illustration of the workings and interpretation of the present law arises in the case of state loans upon "Maricopa Lands," amounting to \$75,000.00. These lands were not even farm lands. They had no water rights, nor none in sight at the time the loans were made. It will be the merest chance, that any portion of these loans will be repaid to the state.

With the foregoing evidence as to failure of the present laws pertaining to loaning of these land trust funds the legislature attempted to enact a new law, which would re-interpret what would be considered as "safe interest bearing securities" for the investment of these trust funds. The Legislature did so when it enacted House Bill No. 143, reading as follows:

"Investments authorized. Such moneys shall be invested in the bonds of the United States, improvements bonds of the State of Arizona, or of the counties, municipalities or school districts thereof, or first mortgages on improved farm lands within the State of Arizona that have been in cultiva-

tion for at least five (5) years, and to which are attached improved water rights in an irrigation or water distributing association, corporation or organization actually functioning and delivering water to its subscribers, stock holders or owners of such water rights; Provided, that for the purpose of construing this section the lien held by the United States for the repayment of the construction charges on any United States Reclamation Project or on any United States Indian Service Project, shall not be deemed a first mortgage on the farm lands under any such project, and provided, that the State Treasurer, with the approval of the Governor and the Secretary of State, is hereby authorized and directed to waive, in favor of the United States, any and all State priorities of lien of any and all such mortgages upon any and all lands under any United States Reclamation Project or United States Indian Service Project. It

is further provided that in no instance shall a greater sum than forty (40) per cent of the actual physical valuation of the land or lands in question be loaned thereon."

That bill fell under a veto by the Governor. With that veto the old law remains in force. Under the old law, there may be a repetition of practices through which still other millions of dollars may be loaned from these state land funds, and from which the State school funds, other state institutional funds, interested in and entitled to the support which would be afforded to the extent of prompt payment of interest upon such loans, will receive but little. **The taxpayers will be called upon to raise through taxation, that portion of the support Congress intended should be derived from that interest.** The Magazine cannot but say, that it would be far better if the principal of the trust

funds be left on deposit in the banks of the state, drawing the interest which such deposits draw, than to be loaned out along lines which have controlled previous loans, all to the result that interest is not paid, and the principal is in danger of being lost entirely or seriously depreciated in amount.

There are many laws upon the statute books which will not stand the acid test of a teacher of grammar or a teacher of rhetoric, yet those laws have stood the test of court construction and have become effective in accomplishing the purposes for which enacted. **House Bill No. 143, was intended for the protection of state land funds. Its purpose was apparent upon its face.** There was enough certainty therein, to at least remove the danger to those funds arising through a continuation of the present law. But with the veto referred to, that danger still remains as a menace to the perpetuity of the principal of the funds involved.

Twenty-Four Special Appropriation Bills Aggregating \$345,399.13 Were Passed by the Legislature

Out of one hundred and fifty-six Senate Bills, and over two hundred House Bills, which had the attention of the legislature which adjourned during the present month, seventy-eight new laws will appear upon the statute books.

Of the bills, over \$90,000.00 out of special appropriations made by special bills, was appropriated to pay the expenses of the session. Two emergency bills, one for the purpose of investigating offices and banking in the state, carrying an appropriation of \$10,000.00, the other for the purpose of investigating the Highway Department, carrying an appropriation of \$50,000.00, are two bills which may properly be added to the expenses of that session. All together, it was the most costly session of the legislature since statehood.

Including the bills above mentioned, and out of the total number of laws enacted, there were twenty-six out of the seventy-eight which carried appropriations. Twenty-four of these bills appropriated a total of \$345,399.13. One of the number is the Highway Bill which is discussed under a separate article in this issue, and the other is the General Appropriation Bill, also referred to elsewhere in this issue of the Magazine.

A list of the bills, showing their purposes, and the amounts appropriated, is as follows:

HOUSE BILL No. 27, was approved February 6, 1923, with an emergency. It appropriates the sum of \$10,000.00 to be expended under the direction of the Governor, for the purpose of, quoting from the act itself: "making an examination and audit of, and report on, any of the institutions of the state of Arizona that the Governor may deem it necessary to examine, audit and report on, and the Governor may also use the money so appropriated, or so much thereof as may be necessary, for the purpose of making examinations of and reports on proposed and existing land developments or irrigation projects and banks within the State of Arizona, and for the purpose of conducting litigation in the name, and on behalf of the state as he may deem necessary to properly protect and establish the interests of the state in such matters. The Governor is hereby empowered to employ such auditors, examiners, statisticians, attorneys, engineers and such other persons as may be necessary, to carry out the provisions of this act."

HOUSE BILL No. 151. Appropriates the sum of \$50,000.00 for the purpose of paying the expenses of the committees on investigations of State Highway Department and affairs, acting jointly, authorized, created and empowered by Senate Resolution No. 3, passed by the

Senate of the Sixth Legislature of the State of Arizona, and by House Resolution No. 8, passed by the House of Representatives of the Sixth Legislature of the State of Arizona. It provides that the moneys appropriated by the act shall be paid out upon vouchers duly certified by the chairman of said Committees acting jointly, or by the chairman of any executive committee that may be created by said Committees on investigation of State Highway Department and affairs, acting jointly, filed with the Auditor of the State of Arizona, who is directed to draw warrants upon the general fund for payment of expenses.

HOUSE BILL No. 159, passed with an emergency clause appropriated the sum of \$136,000.00, for the purpose of paying the pay-roll account of the office of State Engineer accrued as of the 20th day of February, 1923. Also appropriated \$15,000.00 for the purpose of paying freight bills upon materials to be supplied to the contractors of the State of Arizona by the State of Arizona subsequent to the effectiveness of this act.

HOUSE BILL No. 125. Was passed with an emergency. It appropriates the sum of \$10,000.00 to be expended under the direction of the Live Stock Sanitary Board of the State of Arizona for the purpose of carrying on the ex-

mination of the dairy cattle of this state and to reimburse owners of any cattle that have been found to be affected with any contagious, infectious disease, and ordered to be slaughtered therefor.

HOUSE BILL No. 72. Passed with an emergency, provides that, whenever, in the opinion of a judge of a superior court about to try a defendant against whom has been filed an indictment or information for a crime, the trial is likely to be a protracted one, the court may direct the calling of one or two additional jurors, to be known as "alternate jurors." And if before the final submission of the case to the jury, a juror die, or become ill, so as to be unable to perform his duty, an alternate juror is to take the place, and act as a juror. The design of the act is to save the county expenses of new trials should a juror become sick, incapacitated or die, leaving only eleven jurors to act. As to the matter of the selection of "alternate" jurors is a matter within the discretion of the trial court, the question of saving the county, due to the intent and purpose of the act, as compared with the actual expense of "alternate jurors" will be problematic, and be controlled by the court itself in each county.

HOUSE BILL No. 58. Appropriates the sum of \$3,000.00 to the widow of Charles E. Moore. The bill recites that Charles E. Moore was killed while in the employ of the Highway Department as a laborer upon the Superior-Miami Highway, by a premature explosion of blasting powder.

HOUSE BILL No. 19, recites that W. C. Packer was in the employ of the State in connection with the construction of the Mule Creek Highway, and suffered a serious injury to his left hand to the extent that the small finger thereof was destroyed and the hand otherwise permanently weakened, and appropriated the sum of \$1,000.00 for his relief.

HOUSE BILL No. 74, recites that Brigo Hurtado was employed on the State Highway near Seligman, that his left leg was crushed at and below the knee joint, and that the knee is permanently stiffened. The bill appropriates \$600.00 for his relief.

HOUSE BILL No. 79. This bill recites that C. Rapiet, while in the employ of the State Engineer on the Superior Highway, sustained injuries through an explosion, which resulted in three ribs being broken, his scalp so severely burned, his hearing being permanently impaired, and his left hand badly burned. The bill compensates him for the injuries referred to in the amount of \$1,000.00.

HOUSE BILL No. 91, appropriates

\$1000.00 to be used in conjunction with a Federal appropriation for the purpose of caring for and preserving the Tumacacori Mission situated in the county of Santa Cruz, on the line of the Highway running from Tucson to Nogales.

HOUSE BILL 130. Recites that William John Walsh sustained personal injuries while in the course of his employment under the State Engineer, through which he lost the sight of his right eye, and impairing the left eye. It appropriates \$2500.00 for compensation.

HOUSE BILL No. 127. Appropriates \$879.00 in payment to Frank Hillman for rent of six mules and two dump wagons for use by the Highway Department to the sum of \$229.00; for one mule rendered worthless during such use, \$200.00, and for the two dump wagons not returned, \$450.00. The act fails to disclose how long the state had the use of the property.

HOUSE BILL No. 78. Appropriates \$2,500.00 to W. T. Espey for injuries sustained while employed on the Highway at Tortilla Flats along the Apache trail, which injuries resulted in the loss of a right eye. The bill does not disclose the cause of the accident resulting in the injury.

HOUSE BILL No. 124. This act authorizes the payment to Charles Korrick and Brother of an account for supplies sent to the Industrial School in 1918. The bill recites that the account had been mislaid in the Auditor's office, was consequently not audited, within one year as required by law. The amount appropriated is \$248.34.

HOUSE BILL No. 150. Recites that A. W. Dana, a deputy sheriff of Maricopa county, while in the performance of his official duty, came to his death as the result of a motorcycle accident at Phoenix. That he left a wife, a child one year old, and one posthumous child. The act appropriates the total sum of \$3,000.00 for their relief, and provides that the State Auditor draw warrants each month in favor of the widow, of one hundred dollars each until the whole sum of \$3,000.00 is paid.

HOUSE BILL No. 162. This bill appropriates \$137.98 for the payment to John Hendricks rental for mules used by the state prison and in payment of damages for the destruction of his corn crop by hogs owned by the state.

HOUSE BILL No. 140. Edward J. Harrington made contract with the State Engineer's office to construct a concrete bridge across Granite Creek on the Prescott-Jerome highway. The bill recites that the plans for said work showed bedrock at about ten feet from the surface, that the actual situation

was that bedrock was not found at nineteen feet, that piling was required, extraordinary amounts of water were encountered and had to be pumped. This cost \$5495.01 more than the contract price, and was a dead loss to the contractor. The bill appropriates that amount as relief to the party named.

SENATE BILL No. 44. This bill appropriates \$1521.80 to the United Verde Copper Company at Jerome for surgical and hospital bills of and for three employees of the Highway Department who were injured and taken to the company hospital for care and treatment.

SENATE BILL No. 8. This bill compensates John Knaier to the amount of \$413.00, which represents the amount he lost in wages through being laid up with a broken arm which resulted from being thrown from a wagon used by the Highway Department in connection with the building of a bridge across Rillito River.

SENATE BILL No. 107. The State Highway Department built a highway across the lands of Fred and Mary Platten of Williams, in Coconino county. They claim failure to keep a contract and agreement, as a result of which they lost pasture for fall and winter which was eaten up by range stock; that they lost two steers, two colts, and two saddle horses; that an employee of the department borrowed one quarter of a mile of wire which was never returned. The bill appropriates \$400.00 to reimburse that loss.

SENATE BILL No. 71. C. D. Archibald was working for the Highway Department upon the Tempe bridge, a defective fuse caused a premature discharge of giant powder, as a result the injured party claims his right eye is permanently injured affecting its use. The legislature appropriated \$500.00 to settle that claim.

HOUSE BILL No. 51. This act amends a prior law enacted in 1921 relating to the appointment of matrons in county jails and in city jails. The old law left the appointment of such a matron subject to the approval of the boards of supervisors and the city councils. Also left the sheriff and chief of police, in the respective cities and counties, with power to employ such a matron at five dollars per day, to cover the necessity due to the incarceration of women. The new law makes it the duty of all sheriffs in "first class counties," and the chief of police in cities of not less than ten thousand population, to appoint a matron, at a fixed salary of twelve hundred dollars per year. The old law seemed to have covered the necessities, but the new law

(Continued on Page Six)

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TWENTY-FOUR SPECIAL APPROPRIATION BILLS AGGREGATING \$345,399.13 WERE PASSED BY THE LEGISLATURE

(Continued from Page Five)

increases the public pay rolls of the counties and cities of the classes named, by twelve hundred dollars per year, regardless of the real necessities.

Again out of the special appropriation bills enacted into law, thirteen of them covered damage claims against the state, in which the legislature assumed the functions of the judicial department and assessed damages against the state in those instances. An examination of the various bills as above listed will show that these bills were passed without any comparison as to amounts granted in the relation to the various injuries for which relief was given in the way of appropriation. Some of the claims were stated to have arisen out of contracts as between state agencies and private persons. If that was the true state of affairs, then as to such claims, the law of the state as it stands, required such claimants to reduce their claims to a judgment in the courts, before presenting them for legislative action. The people are not informed as to how any of the injured persons were conducting them-

selves at the time of the accidents. Nor as to whether their own acts were negligent or such as would have been taken by the courts as an element against compensation for those injuries. One of the claims allowed was for an injury which occurred in 1916. Others seem to have been dug up at various dates since then. This Magazine in a previous issue suggested that the Legislature should not usurp the functions of the courts in acting upon these claims. It was suggested that such action would set a dangerous precedent. If the legislature wished to

insure state employees against accidents while in such employment, it should have enacted a general law, not many special laws, and in that general law provided a rule of action for use of the courts, that the latter with proper machinery provided could do equal justice. All such injured employees of the state. The legislature may have the power to recognize moral claims in such cases, that power is one thing, but the policy is an indiscriminate and extensive use of the power, is a policy not to be encouraged.

THE "UTAH TAXPAYER"

Another addition appears in the field of non-partisan, independent and educational publications which deal with questions involved in taxation as related to economy in using of public money. This addition comes in the way of a new Taxpayers' Magazine published in Salt Lake City, Utah, bearing the above name.

It appears that the taxpayers of Utah have the same problems before them which have been under discussion by the Arizona Taxpayers' Magazine for a number of years, as The Utah Taxpayer, in its "Foreword" says:—

"There is an insistent demand throughout the state for a reduction in taxes. The imperative need for definite information as to what the real tax situation is and how to bring about a reform has led to the decision to issue regularly a publication to deal exclusively with taxation and to reach the taxpayers of this state from all walks of life who are known to mold public opinion in their respective groups and communities. Hence the Utah Taxpayer, which makes its initial appearance today. It comes to your desk in the hope that it will meet the reception which a sincere desire to lay the facts before the public, merits. . . . It may not be possible to reduce materially the current expense of the state government yet every step in that direction brings us nearer the goal. But if the Utah Taxpayer proves an agency in checking a tendency to go beyond our means, and if it points a way to protect future generations from constantly increasing burdens, it will have accomplished the purpose designed by its sponsors. . . . Party platform, civic resolutions, pointed criticisms and conversation have affected no noticeable changes. Real facts to the taxpayer himself must arouse him to the importance of intelligent

action."

The foreword still further strikes the key-note to the situation which confronts the taxpayer, and is the same key-note which has been sounded to the readers of the Magazine many times. It is a note of warning which must be drilled into the public mind, if the public as a whole desires economy in the expenditure of public money, with a consequent reduction in taxes and tax rates. That foreword in a few words expresses what should be apparent to all, when it says:—

"To declare for rigid economy means one breath and to advocate public improvements in the next, to demand the lowering of taxes and yet to favor bond issues for various purposes which, however desirable, may be found dispensible, seems inconsistent."

The same problems confront the new publication, which has confronted the Taxpayers Magazine of Arizona during its entire existence. The foreword indicates that the publishers of the Utah Taxpayer realize that those problems are before them and appear to have an earnest desire to solve those problems in the only possible manner. The answer is the same, when the problems are solved in one public mind of the whole public, either of Utah, of Arizona, or any other state where similar publications are working those problems out. **The public must be shown.** The answer of that showing lies in the proposition that any public cannot demand and desire, and have those demands and desires satisfied to the extent of new public activities, new public improvements, new adjuncts to the wheels of government, each in and of themselves requiring the expenditure of additional funds from public treasuries, and at the same time have the desire and demands of that same public for less taxes

so satisfied. The problem and the answer thereto is axiomatic, when expenditures increase, the revenues to meet expenditures must likewise increase. Public revenues can be derived only from direct and indirect taxes, every satisfied demand of the public which includes an increased expenditure of public funds, carries with it a corresponding increase in the amount of direct and indirect

taxes which must be paid to meet each such expenditure. The more these axiomatic rules which control the subject of high taxes are discussed and brought home to the public, the quicker that public will seek and find a remedy for lower taxes, or at least so act as not to unnecessarily increase present tax burdens.

The more these questions and other questions bearing upon the same situ-

ation are discussed candidly and intelligently, the sooner there will be found a means towards public economy. The more publications of statewide circulation which deal therewith, then the problems of taxation will be more thoroughly understood by the public. This Magazine welcomes the new publication from Utah, and wishes it every success in its field of venture in that state.

Memorial to Congress for Additional Land Grants to Aid Highway Building in Arizona

Arizona in area is a large state, and included in its boundaries there still remain millions of acres under the control of the United States. There are forest reserves, Indian reservations, and lands still open for desert entry and homestead entry under the laws of the United States. None of these millions of acres are taxable for either state, county, or other purposes. None of these lands will be taxable until such times as the titles thereto have vested in private ownership. Under the situation as it now exists, the entire United States will derive all the benefit from the settling of these lands and their development in the future. In all grants of lands made by Congress to the state of Arizona, the latter has not been permitted to select any lands known to be "mineral lands", hence it is, that the future development of the mineral resources which remain undeveloped within the borders of the state of Arizona depends upon action by Congress.

HIGHWAYS PROVIDE A DEVELOPMENT OF NEW AREAS OF OUR COUNTRY

Highways are an imperative necessity in the development of a new country. In the earlier stages of the development of the Northwest territory, the Congress of the day appropriated for the construction of a highway from the population of the eastern states into that territory. When the matter of railroads to be constructed to connect the Atlantic coast states with California engrossed public attention through the necessities of such construction to meet the progress of the middle west and the extreme west portion of the United States, Congress donated millions of acres of lands to the public domain to the builders of such railways. At the time, railways were the best of known means for interstate commerce and intercommunication

and travel of the public of the country. The history of the development of the United States, the increased numbers of its towns and cities, the increased importance and growth of every commercial and industrial pursuit of the people, has been a history showing that where people can go and where people do go, new towns spring up, become populated, and new avenues and demands upon distant sources of supplies arise to supply the people of those towns, and commercial and business relations are established to the mutual benefit of the entire country.

Develop the heretofore undeveloped resources of any portion of any state, as those resources will be developed through the natural and inherent energies of the American people, if given a chance, and each instance of such a development adds to the pace at which the whole country will arrive through steady steps of progress, to permanent prosperity of all.

Highways, as a first means towards such prosperity and progress is today one of the first prime necessities thereof. Open territory to be developed, make it accessible by good highways, and the people will do the rest which is included in final development of that territory.

HIGHWAYS OF KIND REFERRED TO A MATTER OF CONCERN TO ENTIRE COUNTRY

If when the foregoing brief allusion to facts are considered, it becomes appreciated that highway building is not a purely local county, or state interest, but is a subject which concerns the entire public of the entire United States, then it will be clearly apparent that highways as a means of establishing a new means for interstate commerce between all the states, is a matter of as much concern to the entire one hundred and ten million people of our country, as it

is to the number of people in the immediate vicinity of any highways to be constructed to aid such commerce between all the states.

With the entire people of the whole United States interested in, and to become directly or indirectly benefited by highway construction through public lands and through a state in which large areas of those lands lie, as a means of connecting that state with other states to meet the demands of the public as to safe and traversable highways for travel from one portion of the country to another, then it follows that the entire public to be so benefited should, in all fairness, contribute to the cost of the necessary highway construction to satisfy their own demands.

Arizona as the youngest state in the union, with an area of 113,000 square miles, and a population of three hundred and fifty thousand people, has put her shoulder to the work of building roads, and pushed to the utmost of her ability. It is impossible for Arizona to push hard enough and fast enough to keep pace with demands of sister states for transcontinental highways across the state.

The state legislature which has just adjourned appreciated the foregoing situation. Appreciated just what Arizona could and could not do, however willing the people might be to do more than the possible, and with that appreciation including elements of justice due to our people, addressed a memorial to Congress as follows:

HOUSE JOINT MEMORIAL NO. 2.

"Your memorilist, the senate and house of representatives of the State of Arizona, assembled in regular session as the sixth legislature thereof, respectfully represent; that as

There appears to be a constantly increasing demand for improved high-

ways which will traverse the State of Arizona to meet the present and future requirements of transcontinental travel. And in the construction and maintenance of such portions of those highways as will be within the borders of Arizona the entire motor-ing public of the United States have an interest in common with the inter-ests of residents of the State of Ari-zona, and will share equally in any future construction of highways to become permanently improved links in the line of travel across the United States from east to west. And it appears also that many miles of the highways required will traverse the public domain of the United States, its Forest reserves and Indian reser-vations, and be upon land as to which Arizona has no present interest and which contributes no share towards support of its state activities repre-sented by highway construction; and as

It appears that highway improve-ment has come to be an important factor in the development and pro-gress towards commercial and indus-trial success of our country; and

WHEREAS: The State of Arizona is large in size and abundant in nat-ural opportunities for further develop-ment and a consequent increase in the number of its population and wealth: And that while the present taxpayers of the state and its counties have heretofore taxed their resources to a limit, that the State of Arizona might respond to the demands above referred to, yet in all frankness to your honorable body, it may be stated that Arizona cannot fully respond to the call of adjoining states that it complete through lines of highways as rapidly as those demands require, it feels that a call may be made for assistance at this time;

IT IS THEREFORE respectfully suggested and requested that a grant of 2,000,000 acres of lands from the public domain of Arizona, of the same class of lands as granted in the En-abling Act under which Arizona was admitted to statehood, be made for the purpose of using the income there-from, and proceeds of sales thereof, as funds for the construction and maintenance of highways within the State of Arizona; and that

IT IS ORDERED that engrossed copies of this Memorial be sent to the Honorables, Henry F. Ashurst and Ralph H. Cameron, United States Senators, and Carl Hayden, Repre-sentative, from Arizona and that they

be urged to use every honorable means to secure relief asked for in this memorial."

That memorial is right to the point,

stated in man to man language. It hoped that Congress will appreciate the justice of that memorial and grant it request.

QUESTIONS AND ANSWERS

Will you have your legal department answer the question as to whether the attempt of the Governor to veto the language below quoted, did in fact destroy the entire "75 per cent" portion of the State Road Tax Fund, and thus deprive the counties of their proportion of that fund under the statement of facts as follows:

Senate Bill No. 156 is an appropriation bill known as the "Highway Bill" and as it passed the legislature contained a provision as follows:

"Seventy-five (75) per cent of such "state road fund," herein provided for shall be apportioned to the several counties in the amount to each county of 75 per cent of the taxes collected under this act by said county, and such amount shall be subject to be paid out for the construction, reconstruction, repair, improvement and maintenance of public highways, roads and bridges in the manner as in this act provided for within such county upon the authority and under the direction of the county board of supervisors of such county and the state engineer who are hereby charged with such responsibility."

The Governor disapproved of that language but left the entire amount provided for in the entire bill intact, with an evident intent that such amount be expended entirely for state highways, under state supervision and control.

The veto power of the Governor is derived from the third subdivision of Section 7, Article V, of the State constitution, which reads:—

"If any bill presented to the Governor contains several items of appropriations of money, he may object to one or more such items while approving other portions of the bill."

Senate Bill No. 156 apparently contained "several items of appropriations of money" and the power vested in the Governor to object to "one or more items" applied to that measure, but the extent of the use of that power, and its effect, depends upon what constitutes an "item of appropriation" in a bill of that class. The question asked, has been the subject of a decision by the Supreme Court of Arizona, in the case of Callag-

han v. Boyce, 17 Arizona reports, when the Court on pages 458 and 460 of the report, says:—

"Item", therefore, is used synonymously with "subject" "distinct or separate parts," and an objection and disapproval by the Governor of a item or several items of appropriation of money has reference to the distinct subject or part for which the appropriation is made and all its incidents. In Pennsylvania, a similar provision was held to mean, "the particular details, and distinct and several parts of the appropriation," and used interchangeably in the same sense, with the word, "part".....

And the Court applied the above definition to the attempt of the Governor to approve an amount appropriated for the salary of an officer, and at the same time disapprove a direction of the legislature that such salary should be in lieu of all prior statutory appropriations, and said:—

"In so far as this item of appropriation concerns the salary of the citizen member of the board of control the language quoted and disapproved was clearly matter incidental to the appropriation and an inseparable part of the item. The disapproval of such inseparable part is without effect; the main part of the item having been approved, as a necessary deduction from the rule stated."

So applying the above decision to the question under consideration it would seem that when the legislature made a appropriation and in direct connection therewith, used language as to how seventy-five per cent of that appropriation should be divided and used by the counties, the Governor was without power to separate the one from the other, the object and purpose of use could not be separated from the money to be used, the one being directly connected and incidental to the other, and inseparably so. Hence the opinion is, that the disapproval of the Governor of the language above first quoted was ineffective, and the same effect should be given to Senate Bill 156, that would have been given without such attempted disapproval.

1c. Paid
Phoenix, Ariz.
Permit No. 18

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TEN

PHOENIX, ARIZONA, APRIL 1923.

NUMBER FOUR

Comparing Possibilities for Economy as Shown by the General Appropriation Bill of 1922 Special Session, the Regular Session of the State Legislature of 1923 Failed to Reduce Appropriations to Affect Economy in State Expenditures

Using estimates as to the probable assessment valuations of property in the state, and estimates as to other probable sources of revenues, for the two coming fiscal years. (Such use being unavoidable as indispensable to any full comparison of amounts actually authorized for expenditure.) A summary of the result of the appropriation work of the Sixth Legislature shows that its appropriations for current expenses of state government for the next two fiscal years exceeded the appropriations made by the Special session of the Fifth Legislature by over One Hundred Thousand Dollars per annum. That same summary discloses the fact that it increased authorized expenditures for the fiscal year 1923-1924 (for all purposes), by \$873,675.08 over the authorized expenditures for the present fiscal year; and that it increased by \$602,277.24, the authorized expenditures for the fiscal year, 1924-1925, over those expenditures authorized for the present year. That same summary shows reductions in items of "capital investment," and "repairs and replacements," a fact which may prove to be false economy through depreciation in state properties, without adequate provision for maintaining the same in a necessary and proper manner. That same summary shows a failure to appreciate the amounts which will be actually required to meet "contingent" expenses of the state, from interest which must be paid, and other known items of similar contingent expense, which if not paid will result in deficits to be made up by taxpayers in the future. That same summary shows an aggregate of \$6,246,078.92 appropriated for expenditure during the fiscal year 1923-1924, with an aggregate of \$5,974,681.08 appropriated for expenditure during the fiscal year 1924-1925, as compared with total appropriations for year 1922-1923 amounting to \$5,372,403.84.

**THESE APPROPRIATIONS DO NOT SHOW ANY ECONOMICAL
RESULTS BENEFICIAL TO STATE TAXPAYERS**

EDITORIAL COMMENT

What the Sixth Legislature Appropriated for Expenditure of State Funds for Next Two Years Compared With Present Year

The people of this state for the past two years have seemed to be almost in unanimous accord for just one thing, **that was for economy as to public expenditures**, with an anticipated hope that with a reduction of expenditures, the tax burdens would be reduced. The legislature which was elected for the above purpose has completed its efforts, and what it did towards the desired end appears in the various special appropriation bills, the so-called "highway bill", and the general appropriation bill. This issue of the Magazine is devoted to one subject, that of presenting to its readers the items, purposes and amounts which were appropriated for expenditure from state funds, to be expended during the two fiscal years, 1923-1924, and 1924-1925, and in that same connection has prepared and presents a complete tabulation of all expenditures authorized by the special session of the Fifth legislature to be expended during the fiscal year now in progress, which began July first, 1922, and will end June 30, 1923.

The special session of the Fifth legislature enacted the "financial code." The main features of which are that all funds of the state are to go into the general fund. That appropriations are to be classified and standardized according to objects and purposes for which made under the **six general heads of salaries and wages, operation, travel, capital investment, repairs and replacements and contingencies**. The general appropriation bill enacted by that special session conformed to those classifications. For the purpose of making proper comparison between those appropriations and the total list of appropriations made by the Sixth legislature just adjourned it may be said that the latter in the main followed those general heads and classifications for the appropriations made by it, adding thereto some special items as connected with various offices, departments and institutions; the table of comparisons presented in this issue preserves those same classifications, and adds the amounts of special items not classified, putting each such special item in the place and under the office or department which has authority to expend it.

A brief recapitulation of the compar-

ative figures of the tables made according to above general classification of purposes and objects of expenditures reveals facts as follows:

Salaries and Wages. After eliminating \$17,500.00 of salaries and wages incident to the office of Water Commissioner, the net aggregate increase of salaries for the fiscal year 1923-1924 is \$8,283.00, and the net aggregate increase thereof for fiscal year 1924-1925 is \$9,583.00, over the salary and wage list for state officers and employees appropriated for the year now ensuing, 1922-1923.

Operation. The net aggregate increase in amount appropriated under this head for the year 1923-1924, is \$84,573.00, and the net aggregate increase under this head for the fiscal year 1924-1925 is \$84,438.00 over the amount appropriated under this same head for the year 1922-1923.

Travel. The net aggregate increase in amount appropriated under this head for expenditure for the fiscal year 1923-1924, is \$12,025.00; and the net aggregate increase in amount appropriated under this head for the fiscal year 1924-1925 is \$12,025.00, each over the amount appropriated for the same purpose for the present fiscal year, 1922-1923.

Capital Investment. The aggregate amounts appropriated for expenditure under this head decreased for the fiscal year 1923-1924 by \$270.00; and decreased for the fiscal year 1924-1925 by \$5,595.00, as compared with appropriations under this head for the present year, 1922-1923.

Contingencies. The aggregate amount appropriated for contingencies is decreased by \$3,275.00 for fiscal year 1923-1924 and decreased by \$3,275.00 for year 1924-1925, as compared with aggregates under same heading for year 1922-1923. Under the definition of "contingency" as given in the financial code, **appropriations so classified are to be used "for expenditures for purposes not covered by other items."** Nowhere in the general appropriation bill of the last legislature is any appropriation made to cover interest upon registered warrants, nor to cover interest upon any tax anticipation bonds which may be issued to meet current state expenses and ex-

penditures, prior to receipt of taxes and other revenues sufficient for that purpose. In passing this subject, it may be stated as a fact, that the tax levy made for the present fiscal year, did include an item of \$76,714.01 to cover items of interest due and payable upon warrant and such bonds. Anticipating that state warrants will still be issued, be registered and draw interest; and anticipating that "tax anticipation bonds" will be necessary, and that those bonds will draw interest, it is only fair to say, that while the amounts appropriated to "contingencies" for the next two years show a decrease, yet the actual contingencies to be provided for at some time in the future will require some \$65,000.00 to \$70,000.00 more funds than was actually appropriated for "contingencies".

Repairs and Replacements. Under this head, the aggregate of appropriations decreased by \$5,020.00 for fiscal year 1923-1924, and decreased by \$3,275.00 for year 1924-1925, each compared with the present year appropriations.

Miscellaneous and Special. Under this head the aggregate increase in amount of appropriations which are not distributed to the different offices and departments in the table of figures given, is \$115,008.00 for the fiscal year 1923-1924, and a like aggregate increase of \$49,508.00 for year 1924-1925, compared with generally similar undistributed items in the appropriation of the special session of the Fifth legislature for year 1922-1923.

Before the matter of total increase in the appropriations for the two coming fiscal years, 1923-1924 and 1924-1925, as compared with the total appropriations for the present fiscal year 1922-1923, is touched upon, it should be stated that several state offices, departments and institutions were given the use of "other sources of revenues" during the present year, and will still have those same revenues during each of the two fiscal years hereafter. So in arriving at the totals appropriated for expenditure in the future two years, the amounts of these other sources of revenue must necessarily be estimated. The figures used in making those estimates are the same figures, which according

(Continued on Page Three)

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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WHAT THE SIXTH LEGISLATURE APPROPRIATED FOR EXPENDITURE OF STATE FUNDS FOR NEXT TWO YEARS COMPARED WITH PRESENT YEAR.

(Continued from Page Two)

the best information obtainable by the Magazine, were the same estimated amounts which were in the mind of the legislature when it framed its appropriation bills for the next two years. Those figures are based upon amounts actually received for the several funds and purposes, during the past year. These estimated amounts must be made in connection with the "\$25.00 per capita

on daily average attendance" taxed for school purposes; also must be made in connection with revenues from forest reserves, sales of timber in forest reserves, interest upon loans of school land funds, rentals of school lands, similar revenues to the state University. Also in the matter of actual amounts to be received from under vehicle licenses and gasoline tax, which become part of the State Road Tax Fund. So with such offices as the State Game Warden, the Live Stock Sanitary Board, and numerous boards of examiners connected with various professional occupations. The activities of some of which depend upon fees collected. In each of these cases, the estimated amounts have been taken according to last years receipts, where the Legislature did not definitely fix the appropriation.

It may also be said that the tables do not include any estimate as to amounts which may be received in the way of "Federal Aid" to state highway projects. Any such amounts so received will be expended, and would, if estimated, go to increase the actual amount of all funds handled for highway purposes but would have nothing to do with the matter under discussion, which is, the amount of state funds and state monies appropriated for expenditure for state purposes.

With the foregoing explanation, and with the tables showing just where, and for which specific purpose there appears increases or decreases in the amounts appropriated in the years under comparison, it appears that the aggregate increase of amounts authorized for expenditure for the coming fiscal year, 1923-1924, is \$873,675.08 over the amount authorized for expenditure

from state funds for the present fiscal year. It appears also, that the aggregate increase in amounts authorized for expenditure from state funds for the fiscal year, 1924-1925, is \$602,277.24 over the amounts authorized for expenditure for all state purposes during the present year, 1922-1923.

It may also be said, that the result of the appropriations of the Sixth Legislature is that the appropriations under the heads of "salaries", "operation" and "travel" have increased by a total of \$104,881.00 for the year 1923-1924, as compared with similar appropriations for the present year. And the increased appropriations under those same heads for the fiscal year 1924-1925 is an aggregate of \$106,046.00 greater than for the present year. This means that the legislature which has just adjourned actually increased the current operating expenses of the state by the above amounts.

In conclusion, the work of the legislature does not seem to speak for any real economy. With operation expenses increased by over \$210,000.00 for the next bi-ennial period. With known to be a shortage in the appropriation for actual contingencies for interest on current debts of the state, approximating \$65,000.00 to \$75,000.00 per year during that two year period. With no appropriation made for the expenses of the "Seventh Legislature", the taxpayers of the state can look for an increase instead of a decrease, in the aggregate of amounts which they will be called upon to contribute, either in direct or indirect taxes, during the next two years, that the activities of the state receive the money which has been appropriated for their support during that period.

Comparative Statement as Between all Appropriations Made by the Special Session of the Fifth State Legislature, for the Fiscal Year 1922-1923, and the Appropriations Made by the Sixth Legislature for Each of the Fiscal Years, 1923-1924 and 1924-1925

	1922-1923	1923-1924	Increase 1923-1924	Decrease 1923-1924	1924-1925	Increase 1924-1925	Decrease 1924-1925
VICES, DEPARTMENTS & INSTITUTIONS							
GVERNOR'S OFFICE:							
Salaries	\$ 19,300.00	\$ 19,600.00	\$ 300.00		\$ 20,900.00	\$ 1,600.00	
Operation	6,360.00	8,475.00	2,115.00		7,475.00	1,115.00	
Travel	2,100.00	2,000.00		\$ 100.00	2,000.00		
Capital Investment							\$ 100.00
Repairs and Replacements		150.00	150.00		150.00	150.00	
Stewards	1,000.00	1,000.00			1,000.00		
Special election proclamations	2,000.00			2,000.00			2,000.00
Printing Banks, Offices, Projects		10,000.00	10,000.00				
TOTALS	\$ 30,760.00	\$ 41,225.00	\$ 12,565.00	\$ 2,100.00	\$ 31,525.00	\$ 2,865.00	\$ 2,100.00
NET INCREASE OR DECREASE:			10,465.00			765.00	
SECRETARY OF STATE:							
Salaries	\$ 14,225.00	\$ 17,600.00	\$ 3,375.00		\$ 17,600.00	\$ 3,375.00	
Operation	26,670.00	16,750.00		\$ 9,920.00	16,750.00		\$ 9,920.00
Travel		1,000.00	1,000.00		1,000.00	1,000.00	
Capital Investment	3,000.00	825.00		2,175.00			3,000.00
Repairs and Replacements	200.00	300.00	100.00		300.00	100.00	
Contingencies	1,000.00	500.00		500.00	500.00		
Printing Session Laws		500.00	500.00				
TOTALS	\$ 45,095.00	\$ 37,475.00	\$ 4,975.00	\$ 12,595.00	\$ 36,150.00	\$ 4,475.00	\$ 13,420.00
NET INCREASE OR DECREASE				7,620.00			8,945.00

Offices, Departments & Institutions	1922-1923	1923-1924	Increase 1923-1924	Decrease 1923-1924	1924-1925	Increase 1924-1925	Decrease 1924-1925
STATE AUDITOR:							
Salaries	\$ 21,000.00	\$ 19,500.00		\$ 1,500.00	\$ 19,500.00		\$ 1,500.00
Operation	2,750.00	1,976.00		774.00	1,976.00		774.00
Travel		500.00	500.00		500.00	\$ 500.00	
Repairs and Replacements		300.00	300.00		300.00	300.00	
Contingencies	500.00	500.00			500.00		
TOTAL	\$ 24,250.00	\$ 22,776.00	\$ 800.00	\$ 2,274.00	\$ 22,776.00	\$ 800.00	\$ 2,274.00
NET INCREASE OR DECREASE				\$ 1,474.00			\$ 1,474.00
STATE TREASURER:							
Salaries	\$ 14,100.00	\$ 14,100.00			\$ 14,100.00		
Operation	3,225.00	3,825.00	600.00		3,825.00	\$ 600.00	
Travel	1,750.00	1,750.00			1,750.00		
Capital Investment		300.00	300.00		300.00	300.00	
Repairs and Replacements		25.00	25.00		25.00	25.00	
License and Fee Refunds	10,000.00			\$ 10,000.00			\$ 10,000.00
TOTAL	\$ 29,075.00	\$ 20,000.00	\$ 925.00	\$ 10,000.00	\$ 20,000.00	\$ 925.00	\$ 10,000.00
NET INCREASE OR DECREASE				\$ 9,075.00			\$ 9,075.00
ATTORNEY GENERAL:							
Salaries	\$ 17,000.00	\$ 17,800.00	\$ 800.00		\$ 17,800.00	\$ 800.00	
Operation	3,300.00	3,000.00		\$ 300.00	3,000.00		\$ 300.00
Travel	1,800.00	1,600.00		200.00	1,600.00		200.00
Repairs and Replacements	100.00	100.00			100.00		
Contingencies	1,000.00	700.00		300.00	700.00		300.00
TOTAL	\$ 23,200.00	\$ 23,200.00	\$ 800.00	\$ 800.00	\$ 23,200.00	\$ 800.00	\$ 800.00
NET INCREASE OR DECREASE				\$ 100.00			\$ 100.00
SUPREME COURT:							
Salaries	\$ 25,200.00	\$ 25,200.00			\$ 25,200.00		
Operation	4,000.00	3,900.00		\$ 100.00	3,900.00		\$ 100.00
TOTAL	\$ 29,200.00	\$ 29,100.00		\$ 100.00	\$ 29,100.00		\$ 100.00
NET INCREASE OR DECREASE				\$ 100.00			\$ 100.00
SUPERIOR COURTS:							
Salaries	\$ 36,800.00	\$ 36,800.00			\$ 36,800.00		
Expenses, acting Supreme Judge	250.00			\$ 250.00			\$ 250.00
Court Commissioners	250.00	250.00			250.00		
TOTAL	\$ 37,300.00	\$ 37,050.00		\$ 250.00	\$ 37,050.00		\$ 250.00
NET INCREASE OR DECREASE				\$ 250.00			\$ 250.00
STATE LIBRARY:							
Salaries	\$ 4,500.00	\$ 4,800.00	\$ 300.00		\$ 4,800.00	\$ 300.00	
Operation	400.00	400.00			400.00		
Travel	500.00	500.00			500.00		
Repairs and Replacements	100.00	100.00			100.00		
Contingencies	4,475.00	4,000.00		\$ 475.00	4,000.00		\$ 475.00
TOTAL	\$ 9,975.00	\$ 9,800.00	\$ 300.00	\$ 475.00	\$ 9,800.00	\$ 300.00	\$ 475.00
NET INCREASE OR DECREASE:				\$ 175.00			\$ 175.00
STATE HISTORIAN:							
Salaries	\$ 4,185.00	\$ 4,200.00	\$ 15.00		\$ 4,200.00	\$ 15.00	
Operation	815.00	500.00		\$ 315.00	500.00		\$ 315.00
Travel	400.00	800.00	400.00		800.00	400.00	
Publications		1,000.00	\$ 1,000.00		1,000.00	1,000.00	
TOTAL	\$ 5,400.00	\$ 6,500.00	\$ 1,415.00	\$ 315.00	\$ 6,500.00	\$ 1,415.00	\$ 315.00
NET INCREASE OR DECREASE			\$ 1,100.00			\$ 1,100.00	
STATE EXAMINER:							
Salaries	\$ 5,050.00	\$ 12,400.00	\$ 7,350.00		\$ 12,400.00	\$ 7,350.00	
Operation	250.00	500.00	250.00		500.00	250.00	
Travel	4,000.00	10,000.00	6,000.00		10,000.00	6,000.00	
TOTAL	\$ 9,300.00	\$ 22,900.00	\$ 13,600.00		\$ 22,900.00	\$ 13,600.00	
NET INCREASE OR DECREASE			\$ 13,600.00			\$ 13,600.00	
STATE BANKING DEPARTMENT:							
Salaries	\$ 13,700.00	\$ 10,800.00		\$ 2,900.00	\$ 10,800.00		\$ 2,900.00
Operation	1,500.00	2,000.00	\$ 500.00		2,000.00	\$ 500.00	
Travel	8,000.00	3,000.00		5,000.00	3,000.00		5,000.00
Capital Investment	1,000.00			1,000.00			1,000.00
Auditing Banking Affairs		10,000.00	10,000.00				
TOTAL	\$ 24,200.00	\$ 25,800.00	\$ 10,500.00	\$ 8,900.00	\$ 15,800.00	\$ 500.00	\$ 8,900.00
NET INCREASE OR DECREASE			\$ 1,600.00				\$ 8,400.00
STATE INSPECTOR OF WEIGHTS AND MEASURES:							
Salaries	\$ 2,400.00	\$ 2,400.00			\$ 2,400.00		
Operation	200.00	200.00			200.00		
Travel	1,800.00	1,800.00			1,800.00		
TOTAL	\$ 4,400.00	\$ 4,400.00			4,400.00		

Offices, Departments & Institutions	1922-1923	1923-1924	Increase 1923-1924	Decrease 1923-1924	1924-1925	Increase 1924-1925	Decrease 1924-1925
STATE WATER COMMISSION:							
Salaries	\$ 16,300.00			\$ 16,300.00			\$ 16,300.00
Operation	2,200.00	\$ 2,200.00			\$ 2,200.00		
Travel	2,800.00	2,800.00			2,800.00		
Contingencies	500.00	500.00			500.00		
Colorado River Project	20,000.00	5,000.00		15,000.00			20,000.00
Stream Guaging	3,000.00	18,800.00	15,800.00		17,000.00	\$ 14,000.00	
TOTAL	\$ 44,800.00	\$ 29,300.00	\$ 15,800.00	\$ 31,300.00	\$ 22,500.00	\$ 14,000.00	\$ 36,300.00
NET INCREASE OR DECREASE				\$ 15,500.00			\$ 22,300.00
STATE ENGINEER HIGHWAY DEPARTMENT							
Est'd income State Road Tax \$	387,000.00	\$ 775,000.00	\$ 388,000.00		\$ 775,000.00	\$ 388,000.00	
Estimated Income Gasoline Tax	175,000.00	200,000.00	25,000.00		200,000.00	25,000.00	
Esti'd Income Auto License Tax	200,000.00	260,000.00	60,000.00		260,000.00	60,000.00	
Special Appropriations:							
Freight on Surplus War Equip.	50,000.00			50,000.00			\$ 50,000.00
H. B. 159 Payroll & Fr't Bills		151,000.00	151,000.00				
TOTAL	\$ 812,000.00	\$ 1,386,000.00	\$ 624,000.00	\$ 50,000.00	\$ 1,235,000.00	\$ 473,000.00	\$ 50,000.00
NET INCREASE OR DECREASE:						\$ 423,000.00	
SACA-FLORENCE PWR. LINE: \$ 50,000.00				\$ 50,000.00			\$ 50,000.00
STATE GAME WARDEN:							
Salaries	\$ 4,200.00	\$ 4,200.00			\$ 4,200.00		
Travel	1,000.00	1,000.00			1,000.00		
From Game Protection Fund:							
Salaries	5,640.00	5,640.00			5,640.00		
Operation	4,590.00	10,335.00	\$ 5,745.00		11,200.00	\$ 6,610.00	
Travel	4,000.00	4,000.00			4,000.00		
Capital Investment	5,200.00	1,000.00		4,200.00	100.00		\$ 5,100.00
Repairs and Replacement		25.00	25.00		60.00	60.00	
TOTAL	\$ 24,630.00	\$ 26,200.00	\$ 5,770.00	\$ 4,200.00	\$ 26,200.00	\$ 6,670.00	\$ 5,100.00
NET INCREASE OR DECREASE:						\$ 1,570.00	
STATE MINE INSPECTOR:							
Salaries	\$ 12,075.00	\$ 12,075.00			\$ 12,075.00		
Operation	875.00	1,420.00	\$ 545.00		1,420.00	\$ 545.00	
Travel	4,200.00	6,000.00	1,800.00		6,000.00	1,800.00	
Automobile		700.00	700.00				
TOTAL	\$ 17,150.00	\$ 20,195.00	\$ 3,045.00		\$ 19,495.00	\$ 2,345.00	
NET INCREASE OR DECREASE:						\$ 2,345.00	
LIVE STOCK SANITARY COMMISSION:							
Salaries	\$ 6,600.00	\$ 7,000.00	\$ 400.00		\$ 7,000.00	400.00	
Operation	2,000.00	2,000.00			2,000.00		
Travel	900.00	1,000.00	100.00		1,000.00	100.00	
Est'd Licenses & Inspection Fees	60,000.00	60,000.00			60,000.00		
Eradication Tuberculosis in Cattle	15,000.00	60,000.00	45,000.00		50,000.00	35,000.00	
Predatory Animals	15,000.00	15,000.00			15,000.00		
STATE VETERINARIAN:							
Salaries	\$ 1,800.00	1,800.00			1,800.00		
Operation	500.00	500.00			500.00		
Travel	1,000.00	1,000.00			1,000.00		
TOTAL	\$ 102,800.00	\$ 148,300.00	\$ 45,500.00		\$ 133,300.00	\$ 35,500.00	
NET INCREASE OR DECREASE:						\$ 35,500.00	
AGRICULTURE, HORTICULTURE COMM.:							
Salaries	\$ 30,320.00	\$ 35,100.00	\$ 4,780.00		\$ 35,100.00	\$ 4,780.00	
Operation	7,850.00	8,000.00	150.00		8,000.00	150.00	
Travel	6,800.00	6,500.00		\$ 300.00	6,500.00		\$ 300.00
Capital Investment		1,500.00	1,500.00		1,500.00	1,500.00	
Repairs and Replacement	700.00	800.00	100.00		800.00	100.00	
Contingencies	500.00	500.00			500.00		
TOTAL	\$ 46,170.00	\$ 52,400.00	\$ 6,530.00	\$ 300.00	\$ 52,400.00	\$ 6,530.00	\$ 300.00
NET INCREASE OR DECREASE:						\$ 6,230.00	
STATE DAIRY COMMISSIONER:							
Salaries	\$ 5,400.00	\$ 5,400.00			\$ 5,400.00		
Operation	645.00	645.00			645.00		
Travel	3,000.00	3,000.00			3,000.00		
TOTAL	\$ 9,045.00	\$ 9,045.00			\$ 9,045.00		

Offices, Departments & Institutions	1922-1923	1923-1924	Increase 1923-1924	Decrease 1923-1924	1924-1925	Increase 1924-1925	Decrease 1924-1925
SHEEP SANITARY COMMISSION:							
Salaries	\$ 5,600.00	\$ 5,600.00			\$ 5,600.00		
Operation	100.00	100.00			100.00		
Travel	1,800.00	1,800.00			1,800.00		
TOTAL	\$ 7,500.00	7,500.00			\$ 7,500.00		
STATE TAX COMMISSION:							
Salaries	\$ 18,700.00	\$ 18,500.00		\$ 200.00	\$ 18,500.00		\$ 200.00
Operation	3,300.00	2,800.00		500.00	2,800.00		500.00
Travel	3,000.00	3,700.00	\$ 700.00		3,700.00	\$ 700.00	
Board of Equalization	1,500.00	1,500.00			1,500.00		
Special Legal Counsel	2,500.00	2,500.00			2,500.00		
Defense of Tax Suits		5,000.00	5,000.00		5,000.00	5,000.00	
TOTAL	\$ 29,000.00	\$ 34,000.00	\$ 5,700.00	\$ 700.00	\$ 34,000.00	\$ 5,700.00	\$ 700.00
NET INCREASE OR DECREASE:			\$ 5,000.00			\$ 5,000.00	
CORPORATION COMMISSION:							
Salaries	\$ 46,980.00	\$ 57,540.00	\$ 10,560.00		\$ 57,540.00	\$ 10,560.00	
Operation	11,000.00	11,000.00			11,000.00		
Travel	5,000.00	5,000.00			5,000.00		
Capital Investment	500.00	1,000.00	500.00		1,000.00	500.00	
Contingencies		2,500.00	2,500.00		2,500.00	2,500.00	
Investigation R. R. Accidents		2,000.00	2,000.00		2,000.00	2,000.00	
Collection Delinquent Corp. Fees		25,000.00	25,000.00				
TOTAL	\$ 63,480.00	\$ 104,040.00	\$ 40,560.00		\$ 79,040.00	\$ 15,560.00	
NET INCREASE OR DECREASE:			\$ 40,560.00			\$ 15,560.00	
STATE LAND COMMISSION:							
Salaries	\$ 45,238.00	\$ 48,670.00	\$ 3,432.00		\$ 48,670.00	\$ 3,432.00	
Operation	6,900.00	9,258.00	2,358.00		9,258.00	2,358.00	
Travel	2,925.00	3,000.00	75.00		3,000.00	75.00	
Capital Investment	600.00	800.00	200.00		800.00	200.00	
Repairs & Replacements	750.00	700.00		\$ 50.00	700.00		50.00
Contingencies	1,000.00	1,500.00	500.00		1,500.00	500.00	
TOTAL	\$ 57,413.00	\$ 63,928.00	\$ 6,565.00	\$ 50.00	\$ 63,928.00	\$ 6,565.00	\$ 50.00
NET INCREASE OR DECREASE:			\$ 6,515.00			\$ 6,515.00	
STATE LOAN COMMISSIONERS:							
Expense Tax							
Anticipation Bonds		\$ 500.00	\$ 500.00				
LAND SETTLEMENT COM.	\$ 100,000.00	98,679.02		\$ 1,320.98			\$ 100,000.00
CO-OPERATION WITH U.S.R.S.	\$ 10,000.00			\$ 10,000.00			\$ 10,000.00
BOARD OF DIRECTORS OF STATE INSTITUTIONS:							
Salaries	\$ 17,060.00	\$ 12,700.00		\$ 4,360.00	\$ 12,700.00		\$ 4,360.00
Operation	2,500.00	2,500.00			2,500.00		
Travel	300.00	300.00			300.00		
Repairs & Replacements	200.00	800.00	\$ 600.00		800.00	\$ 600.00	
TOTAL	\$ 20,060.00	\$ 16,300.00	\$ 600.00	\$ 4,360.00	\$ 16,300.00	\$ 600.00	\$ 4,360.00
NET INCREASE OR DECREASE:				\$ 3,760.00			\$ 3,760.00
FREE EMPLOYMENT OFFICE:							
Salary	\$ 2,100.00	\$ 1,800.00		\$ 300.00	\$ 1,800.00		\$ 300.00
Operation	400.00	700.00	\$ 300.00		700.00	\$ 300.00	
TOTAL	\$ 2,500.00	\$ 2,500.00	\$ 300.00	\$ 300.00	\$ 2,500.00	\$ 300.00	\$ 300.00
NET INCREASE OR DECREASE:							
PIONEERS' HOME:							
Salaries	\$ 14,910.00	\$ 17,180.00	\$ 2,270.00		\$ 17,180.00	\$ 2,270.00	
Operation	34,800.00	38,000.00	3,200.00		38,000.00	3,200.00	
Travel	200.00	200.00			200.00		
Capital Investment	400.00	2,300.00	1,900.00		2,300.00	1,900.00	
Repairs and Replacements	1,200.00	1,200.00			1,200.00		
TOTAL	\$ 51,510.00	\$ 58,880.00	\$ 7,370.00		\$ 58,880.00	\$ 7,370.00	
NET INCREASE OR DECREASE:			\$ 7,370.00			\$ 7,370.00	
PIONEERS' HISTORICAL SOCIETY							
PORTRAITS LEGIS. OFFICERS ..	\$ 300.00	\$ 600.00	\$ 300.00		\$ 1,440.00		\$ 300.00
STATE BOARD OF EDUCATION:							
COMMON SCHOOL							
Est. St. Sch. Tax \$25 per cap ..	\$ 1,253,525.00	\$ 1,378,877.50	\$ 125,352.50		\$ 1,516,765.25	\$ 263,240.25	
Est. Inc. from other sources	265,000.00	387,975.00	122,975.00		387,975.00	122,975.00	
TOTAL	\$ 1,518,525.00	\$ 1,766,852.50	\$ 248,327.50		\$ 1,904,740.25	\$ 386,215.25	
NET INCREASE OR DECREASE:			\$ 248,327.50			\$ 386,215.25	

Offices, Departments & Institutions	1922-1923	1923-1924	Increase 1923-1924	Decrease 1923-1924	1924-1925	Increase 1924-1925	Decrease 1924-1925
INCLUDED IN ABOVE AMOUNT:							
SUPT. OF PUBLIC INSTRUCTION:							
Salaries	\$ 19,200.00	\$ 16,150.00		\$ 3,050.00	\$ 16,150.00		\$ 3,050.00
Operation	14,550.00	130,900.00	116,350.00		130,900.00	\$ 116,350.00	
Travel	4,000.00	6,300.00	2,300.00		6,300.00	2,300.00	
Capital Investment	250.00			250.00			250.00
Repairs and Replacements	100.00			100.00			100.00
-TOTAL	\$ 38,100.00	\$ 153,350.00	\$ 118,650.00	\$ 3,400.00	\$ 153,350.00	\$ 118,650.00	\$ 3,400.00
NET INCREASE OR DECREASE:			\$ 115,250.00			\$ 115,250.00	

UNIVERSITY OF ARIZONA:

Eradication of Rodents	\$ 15,000.00	\$ 15,000.00			\$ 15,000.00		
Estimated State Mill Tax	658,750.00	573,750.00		\$ 85,000.00	637,500.00		\$ 21,250.00
Estimated Other Income	275,000.00	270,486.23		4,513.77	278,441.23	\$ 3,441.23	
Awarding Co. Scholarships	7,000.00	7,000.00			7,000.00		
Deaf, Dumb and Blind School							
Operation (Provided for this year out of above)		31,000.00	\$ 31,000.00		32,600.00	32,600.00	
Maintenance		400.00	400.00		800.00	800.00	
Capital Investment State Mill Tax		7,633.00	7,633.00		8,600.00	8,600.00	
TOTAL	\$ 955,750.00	\$ 905,249.23	\$ 39,033.00	\$ 89,513.77	\$ 979,941.23	\$ 45,441.23	\$ 21,250.00
NET INCREASE OR DECREASE:				\$ 50,480.77		24,191.23	

NORTHERN ARIZ. NORMAL SCHOOL:

Salaries	\$ 99,900.00	\$ 90,000.00		\$ 9,900.00	\$ 90,000.00		\$ 9,900.00
Operation	30,850.00	27,000.00		3,850.00	27,000.00		3,850.00
Travel	1,500.00	1,000.00		500.00	1,000.00		500.00
Capital Investment	7,250.00	6,000.00		1,250.00	6,000.00		1,250.00
Repairs and Replacements	4,500.00	3,000.00		1,500.00	4,500.00		1,500.00
Contingencies	1,000.00	1,000.00			1,000.00		
TOTAL	\$ 145,000.00	\$ 128,000.00		\$ 17,000.00	\$ 128,000.00		\$ 17,000.00
NET INCREASE OR DECREASE:				\$ 17,000.00			\$ 17,000.00

TEMPE NORMAL SCHOOL:

Salaries	\$ 106,800.00	\$ 100,000.00		\$ 6,800.00	\$ 100,000.00		\$ 6,800.00
Operation	24,500.00	23,000.00		1,500.00	23,000.00		1,500.00
Travel	1,000.00	1,000.00			1,000.00		
Capital Investment	5,450.00	8,000.00	\$ 2,550.00		8,000.00	\$ 2,550.00	
Repairs and Replacements	10,000.00	7,500.00		2,500.00	7,500.00		2,500.00
Contingencies	1,000.00	1,000.00			1,000.00		
TOTAL	\$ 148,750.00	\$ 140,500.00	\$ 2,550.00	\$ 10,800.00	\$ 140,500.00	\$ 2,550.00	\$ 10,800.00
NET INCREASE OR DECREASE:				\$ 8,250.00			\$ 8,250.00

FOR STATE PRISON:

Salaries	\$ 47,780.00	\$ 57,860.00	\$ 10,080.00		\$ 57,860.00	\$ 10,080.00	
Operation	101,000.00	95,000.00		\$ 6,000.00	95,000.00		\$ 6,000.00
Travel	2,500.00	2,500.00			2,500.00		
Capital Investment	4,625.00	4,650.00	25.00		4,650.00	25.00	
Repairs and Replacement	7,000.00	7,000.00			7,000.00		
Flour Mill		3,500.00	3,500.00				
TOTAL	\$ 162,905.00	\$ 170,510.00	\$ 13,605.00	\$ 6,000.00	\$ 167,010.00	\$ 10,105.00	\$ 6,000.00
NET INCREASE OR DECREASE:			\$ 7,605.00			\$ 4,105.00	

STATE ASYLUM FOR INSANE:

Salaries	\$ 65,910.00	\$ 64,120.00		\$ 1,790.00	\$ 64,120.00		\$ 1,790.00
Operation	83,000.00	79,750.00		3,250.00	79,750.00		3,250.00
Travel	400.00			400.00			400.00
Capital Investment	2,800.00			2,800.00			2,800.00
Repairs & Replacements	6,825.00	9,000.00	\$ 2,175.00		9,000.00	\$ 2,175.00	
TOTAL	\$ 158,935.00	\$ 152,870.00	\$ 2,175.00	\$ 8,240.00	\$ 152,870.00	\$ 2,175.00	\$ 8,240.00
NET INCREASE OR DECREASE:				6,065.00			\$ 6,065.00

STATE INDUSTRIAL SCHOOL:

Salaries	\$ 24,500.00	\$ 23,260.00		\$ 1,240.00	\$ 23,260.00		\$ 1,240.00
Operation	27,000.00	28,834.00	\$ 1,834.00		28,834.00	\$ 1,834.00	
Travel	1,500.00	1,150.00		350.00.00	1,150.00		350.00
Capital Investment	400.00	3,600.00	3,200.00				400.00
Repairs and Replacements	4,775.00	5,200.00	425.00		5,200.00	425.00	
TOTAL	\$ 58,175.00	\$ 62,044.00	\$ 5,459.00	\$ 1,590.00	\$ 58,444.00	\$ 2,259.00	\$ 1,990.00
NET INCREASE OR DECREASE:			\$ 3,869.00			\$ 269.00	

			Increase	Decrease		Increase	Decrease
		1922-1923	1923-1924	1923-1924	1924-1925	1924-1925	1924-1925
Offices, Departments & Institutions							
STATE BOARD OF HEALTH:							
Salaries	\$ 14,000.00	\$ 9,500.00		\$ 4,500.00	\$ 9,500.00		\$ 4,500.00
Operation	6,450.00	6,450.00			6,450.00		
Travel	2,800.00	2,800.00			2,800.00		
Capital Investment	400.00	175.00		225.00	175.00		225.00
Repairs and Replacements		130.00	\$ 130.00		130.00	\$ 130.00	
Sheppard-Towner Cooperation		7,254.00	7,254.00		7,254.00	7,254.00	
Federal Aid Maternity and Infancy		7,254.00	7,254.00		7,254.00	7,254.00	
TOTAL	\$ 23,650.00	\$ 33,563.00	\$ 14,638.00	\$ 4,725.00	\$ 33,563.00	\$ 14,638.00	\$ 4,725.00
NET INCREASE OR DECREASE:			\$ 9,913.00			\$ 9,913.00	
STATE LABORATORY:							
Salaries	\$ 4,500.00	\$ 4,500.00			\$ 4,550.00		
Operation	350.00	350.00			350.00		
Travel	334.00	334.00			334.00		
Capital Investment	200.00	300.00	\$ 100.00		300.00	\$ 100.00	
Contingencies	216.00	216.00			216.00		
TOTAL	\$ 5,600.00	\$ 5,700.00	\$ 100.00		\$ 5,700.00	\$ 100.00	
NET INCREASE OR DECREASE:			\$ 100.00			\$ 100.00	
STATE CHILD WELFARE BOARD:							
Salaries	\$ 2,400.00	\$ 2,400.00			\$ 2,400.00		
Operation	25,600.00	25,600.00			25,600.00		
Travel	2,000.00	2,000.00			2,000.00		
TOTAL	\$ 30,000.00	\$ 30,000.00			\$ 30,000.00		
NET INCREASE OR DECREASE:							
NATIONAL GUARD OF ARIZ.							
Salaries	\$ 65,000.00	\$ 46,500.00		\$ 18,500.00	\$ 45,000.00		\$ 20,000.00
VOCATIONAL EDUCATION:							
Salaries	\$ 12,400.00	\$ 23,200.00	\$ 10,800.00		23,200.00	\$ 10,800.00	
Operation	12,145.00	2,400.00		9,745.00	2,400.00		9,745.00
Travel	4,000.00	4,500.00	500.00		4,500.00	500.00	
Capital Investment		1,000.00	1,000.00		1,000.00	1,000.00	
Repairs and Replacements	350.00			350.00			350.00
Reimbursement Teachers' Sal.	63,765.00	45,000.00		18,765.00	45,000.00		18,765.00
Americanization Salaries		20,000.00	20,000.00		20,000.00	20,000.00	
Vocational Rehabilitation		10,000.00	10,000.00		10,000.00	10,000.00	
TOTAL	\$ 92,660.00	\$ 106,100.00	\$ 42,300.00	\$ 28,860.00	\$ 106,100.00	\$ 42,300.00	\$ 28,860.00
NET INCREASE OR DECREASE:			\$ 13,440.00			\$ 13,440.00	
BOARD OF PARDONS & PAROLES:							
Salaries	\$ 1,000.00	1,000.00			\$ 1,000.00		
NINE EXAMINING BOARDS:							
MEDICAL, DENTAL, ETC.	6,500.00	6,500.00			6,500.00		
PREMIUM ON BONDS OF STATE OFFICIALS:							
Salaries	\$ 550.00	\$ 550.00			\$ 550.00		
INT. AND REDEMPTION PUBLIC DEBT:							
Interest	\$ 38,940.00	\$ 35,776.26		\$ 3,163.74	\$ 35,776.26		\$ 3,163.74
Redemption	33,600.00	36,903.78	\$ 3,303.78		35,241.34	\$ 1,641.34	
TOTAL	\$ 72,540.00	\$ 72,680.04	\$ 3,303.78	\$ 3,163.74	\$ 71,017.60	\$ 1,641.34	\$ 3,163.74
NET INCREASE OR DECREASE:			\$ 140.04				\$ 1,522.40
CARE OF TUMACACORI MISSION:							
Salaries	\$ 1,000.00	\$ 1,000.00					
SPECIAL RELIEF BILLS	\$ 13,375.84	\$ 23,205.13	\$ 9,829.29				\$ 13,375.84
CAPITOL BLDG. & GROUNDS:							
Salaries	\$ 19,740.00	\$ 21,030.00	\$ 1,290.00		\$ 21,030.00	\$ 1,290.00	
Operation	13,485.00	14,715.00	1,230.00		14,715.00	1,230.00	
Capital Investment	1,645.00	1,750.00	105.00		1,750.00	105.00	
Repairs & Replacements	5,050.00	4,500.00		\$ 550.00	4,500.00		\$ 550.00
TOTAL	\$ 39,920.00	\$ 41,995.00	\$ 2,625.00	\$ 550.00	\$ 41,995.00	\$ 2,625.00	\$ 550.00
NET INCREASE OR DECREASE:			\$ 2,075.00			\$ 2,075.00	
STATE FAIR COMMISSION:							
Salaries	\$ 4,650.00	\$ 10,021.00	\$ 5,371.00		\$ 10,021.00	\$ 5,371.00	
Operation	64,350.00	50,000.00		\$ 14,350.00	50,000.00		\$ 14,350.00
Repairs & Replacements	6,000.00	2,000.00		4,000.00	2,000.00		4,000.00
County Fair Assistance	5,000.00	14,000.00	9,000.00		14,000.00	9,000.00	
TOTAL	\$ 80,000.00	\$ 76,021.00	\$ 14,371.00	\$ 18,350.00	\$ 76,021.00	\$ 14,371.00	\$ 18,350.00
NET INCREASE OR DECREASE:			\$ 3,979.00			\$ 3,979.00	
NORTHERN ARIZ. STATE FAIR:							
Maintenance and Improvement	\$ 5,000.00			\$ 5,000.00			\$ 5,000.00
LEGISLATURE EXPENSE:							
Special Session 5th Legislature	\$ 66,615.00						
Sixth Regular Session		\$ 85,186.00					
Investigate Highway Dept.		50,000.00					
TOTAL	\$ 66,615.00	\$ 135,186.00					
NET INCREASE OR DECREASE:			\$ 68,571.00				\$ 66,615.00
GRAND TOTAL:							
Salaries	\$ 55,372,403.84	\$ 6,246,078.92	\$ 1,082,224.83	\$ 208,549.75	\$ 5,974,681.08	\$ 958,863.48	\$ 356,586.24
NET INCREASE			\$ 873,675.08			\$ 602,277.24	

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TEN

PHOENIX, ARIZONA, MAY, 1923

NUMBER FIVE

Amount Spent in Arizona for Public School Purposes, Year 1921-1922

State Superintendent's Department		
Including Pensions and Institutes.....	\$35,927.43	0.58%
Text Books	\$110,369.79	1.78%
County Superintendent's Offices	\$112,627.14	1.82%
Sinking Fund Increased	\$131,458.52	2.12%
Bond Redemption	\$161,719.56	2.61%
Bond Interest	\$535,405.13	8.64%
High Schools	\$1,211,050.88	19.53%
Grade Schools	\$3,901,121.86	62.92%
	<hr/>	
	\$6,199,680.31	100.00%

As appears from the foregoing pyramid, it cost the people of Arizona \$6,199,680.31 for the current annual expenses of maintaining its common and high schools for the fiscal year ending June 30, 1922. This amount does not include amounts raised by new bond issues sold during that year to the aggregate of \$1,770,000.00. Nor does it include the aggregate of \$1,330,000.00 expended for new buildings and improvements from funds raised by sales of bonds. With an average attendance for the full school year in the common schools of the state, of 44,562 pupils, the average cost was \$86.57 per pupil. With an average attendance of 6,336 pupils in the high schools of the state, it cost an average of \$193.80 per pupil to maintain the high schools.

EDITORIAL COMMENT

Last Apportionment of \$25.00 Per Capita For Common Schools Made From Borrowed Money

The common schools must be supported, teachers' salaries and other necessary expenses of those schools must be paid twice each month, if school warrants are not paid from funds in the county treasury of each county, when presented for payment, then registered warrants become the order of the day, and the teachers must discount these warrants at prices as best they may. The idea of tax anticipation bonds came into being when the people of the state were hard pressed for ready money and could not pay their taxes, no matter how earnestly they endeavored to do so. Under this plan the people of the whole state pay the interest, and state employees, and others depending upon state funds for payment of state indebtednesses, get their money in full. There may be nothing wrong with the plan. It came about through the necessities of the situation, and it seems that the situation so continues that anticipation bonds continue to be issued for some time yet to come. The proceeds of a recent issue of tax anticipation bonds, \$600,000.00 in amount was used mainly for the purpose of paying to the counties of the state the last portion of common school funds, represented by what is known as the "\$25.00 per capita based upon daily average attendance in the schools" of the various counties. The apportionment and payment thereof is going through in due course. The total amount of which will be \$500,781.90.

In connection with this subject of common school funds, it may again be suggested, that the necessity for issuance of

"tax anticipation bonds," to meet requirements of the schools, would not have been so urgent, if loans of funds which were the proceeds of sales of state common school lands, had been more carefully made. If those loans had been placed in "safe interest bearing securities," the state common school funds would be richer, on account of that interest, by several hundred thousands of dollars, it is in part due to the fact over \$227,144.05 of interest upon the loans actually made is past due and unpaid, and that taxes upon the lands which stand as security for those loans, are, in many cases also delinquent, that the state must anticipate future tax collections, borrow money and pay interest thereon, to meet current expenses of the schools.

The situation from a taxpayer's standpoint is, that appropriations, were made for state school purposes, which included an amount from other sources of revenues, which in turn included amounts to become due upon loans from common school lands funds. With the interest upon those loans delinquent, and with prospects unfavorable to any payment of that interest at any time, there will be a deficit of funds to meet the appropriations for school purposes, and sooner or later the taxpayers will be called upon to meet that deficit, and in the meantime will be called upon for additional taxes to meet and pay the interest upon anticipation bonds. With the exercise of real business judgement in the past, the situation of any appreciable delinquency in the interest could have been avoided.

That good business judgement involved merely a true construction and application of the constitutional provisions that the school land funds, **be loaned upon nothing but "safe, interest bearing securities."**

The first state land code required loans to be made **only upon cultivated farm lands.** In 1917, the word: "cultivated" was stricken from that requirement as to character of security, and provisions made for loaning state funds upon **unimproved farm lands.** After this amendment became a law, many loans were made, the character of the so called "improvements," being the providing of water for what in the first instance of application for loans thereon, were nothing more or less than "desert lands", not even "farm lands" at all. It makes but little difference to taxpayers where the blame is to be placed for the loss which will come, with the incidental increased taxes which taxpayers must pay to support the schools, due to that loss. With the results of those illy-advised loans constantly appearing in new places, it does behoove the taxpayers to make some united effort to obviate any chance in future losses of the same kind. The question of "safe interest bearing securities", still remains the same as it did before the legislature convened. A determination of what will be such "safe interest bearing securities", is of vital importance not only to taxpayers of the present, but to protect and insure a permanency of the land funds for the benefit of the public of the future.

How Will the Counties be Affected if Deprived of the 75 Per Cent of State Road Tax

Ever since Arizona has been a state, commencing at the time when the laws enacted by the first session of the first state legislature, the state road tax fund has been divided into what has since been known as the "twenty-five per cent" state fund proper, and the "seventy-five per cent" fund thereof, apportioned to the several counties according to the pro-

portion of the entire fund paid by each county.

Under the above division of funds for highway purpose there has come into existence "state highways" and "county highways". But as to all such highways, there still remains a provision of the state highway law enacted in 1912, which provides as follows:—

"All roads and bridges, when constructed, shall thereafter be maintained and improved when necessary, at the expense of the county in which located, out of the seventy-five per cent of the taxes collected under this act, from said county."

Since that law was enacted, there has come into existence another class

highways, that is those constructed by the state and to which construction Federal aid funds have been applied. These roads were so constructed under conditions that the state would keep them in repair, and maintain them after constructed. So as between the state and the United States, the former has the burden of maintaining roads constructed with a joint fund, in part state and in the United States, funds, and under the state law, the state in turn passed seventy-five per cent of the entire state road tax fund over to the counties, and in turn required that "all roads and bridges, when constructed" shall thereafter be maintained and improved when necessary, at the expense of the county where located, out of the seventy-five per cent fund.

The Sixth legislature, which has just closed its session, did not intend to destroy the workings of the above scheme for maintenance and repair of highways and bridges. The "Highway Bill", in its terms as passed by that legislature, preserved the essential features of the old highway law, as to the so-called "twenty-five per cent" fund, and the "seventy-five per cent" fund and as to the division and use of the entire State Road Tax Fund. That new highway law when it left the legislature contained the provisions which follow:—

"There shall be annually levied and collected in the manner in which other state taxes are levied and collected, . . . a tax of ten cents on each one hundred dollars of the assessed valuation of taxable property within this state, for the purpose of the construction, reconstruction, repairing improving and maintaining state highways and bridges . . . 25 per cent of such tax, herein provided for, shall be as paid into the treasury of the state of Arizona, deposited by the Treasurer of the state of Arizona, in a separate account, in the general fund of the state, to be known and designated as the 25 per cent apportionment account . . . Seventy-five per cent of such "State Road Tax Fund," herein provided for, shall be apportioned to the several counties in the amount to each county of seventy-five per cent of the taxes collected under this act, by said county, and such amount shall be subject to be paid out for the construction, reconstruction, repair, improvement and maintenance of public highways, roads and bridges in the manner as in this act provided for within such county upon the authority and under the direction of the county board of supervisors of such county and the state engineer who are

hereby charged with such responsibility."

But from the above language was stricken out all language pertaining to the 75 per cent portion heretofore going to counties under present highway law, by veto act of the Governor. Other language in that same law so far as it related to any disposition, or distribution of the "Seventy-five per cent" portion of the state road tax fund to the counties, was also stricken.

In view of the above situation, the question arises what are the several counties going to do for highway and bridge funds, when it becomes necessary to make needed repairs upon the public highways and public bridges constructed in the respective counties. If the veto by the governor did have effect of eliminating the "seventy-five per cent" portion of the State Road Tax Fund, heretofore applied to that purpose, among other highway purposes of each county, then where will repairs and maintenance be funded in each county.

County officials are aware of the fact that the present tax law will not permit any increase in county budgets for highways and bridges, either for repairs, of present or for newly constructed highways and bridges. The increase in the county salary lists, the increased amounts of jury fees, to which may be added the new jail matrons in each first class county, have so increased the required expenditures from the "general fund" of each county, that year after year the "highway funds" of the counties have been decreased, that the "ten per cent limit" be not exceeded in the totals raised in each county for the two county funds above mentioned.

The Annual Depreciation of Highways Will Exceed Total of County Taxes for all Highway Purposes With 75 per cent Fund Destroyed

According to the biennial report of the State Tax Commission, the total amount raised in the fourteen counties of the state, for "county highway funds" was \$1,159,094.12 for the fiscal year 1922-1923 now running. If this entire amount were used to maintain and repair the highways in the different counties which have been constructed through bond issues alone, it would not average seven per cent per annum of the construction cost of "bond-built" highways of the state. In other words, if that entire amount of strictly county raised funds available for expenditure in the counties was to be expended under county supervision, it would not take care of the average depreciation of seven per cent per

annum of such roads as have been constructed through bond issues. But the situation is not shown at its worst in applying an average for the whole state. The situation is still worse in several counties. For instance, Maricopa county has a system of highways constructed through bond issues aggregating \$8,500,000.00; its entire tax for "county highway fund" for the present year is only \$113,321.67. If that entire \$113,321.67 were to be used to take care of depreciation of its bond issue highways alone, that depreciation could not exceed one and thirty-three one-hundredths per cent of construction cost per year, or the depreciation would exceed the funds available for repairs of such highways. Yuma county has highway bonds outstanding to the amount of \$2,000,000.00. Its total highway fund for the present year is \$49,501.18. A large portion of the highways constructed in that county, if mileage is considered, are dirt and gravel roads. Yet if those roads depreciate more than two and one-half per cent of construction cost per annum, the highways constructed through bond issues will be a thing of the past long before bonds mature. Yet, each of the various counties will be called upon to pay a ten cent per hundred of assessed valuation of the property therein, into the "State Road Tax Fund", regardless of the ability of those counties to raise funds to keep their county highways in repair, and if the veto of the seventy-five per cent feature of the 1923 highway law stands and is effective, all available state funds will go to complete certain enumerated highway projects all to be constructed under state supervision and control, regardless of any repairs and maintenance needed upon any public highways in the counties, heretofore maintained and repaired under county supervision, and which must still be so maintained and required if at all.

If the situation be given the benefit of the doubt, and the effect of Senate Bill No. 66, passed with an emergency, be considered, then the licenses paid upon motor vehicles, which in the past year amounted to \$217,000.00 in round numbers, is left as the only fund available for the repair and maintenance of "state highways" in the state of Arizona. None of this particular fund is available for repair of county highways. In fact as the law existed prior to the enactment Senate Bill No. 66, these motor vehicle license fees became part of the State Road Tax Fund, and apportioned according to existing provisions as to apportionment of that fund.

Looking to the permanency of existing highways, particularly those constructed

through bond issues, if it be true that the executive department of the state, can in fact "legislate," through the use of the veto power of that executive, then the investment of millions of dollars of county highway bond funds is in serious jeopardy, due to the taking away from the respective counties that portion of

the State Road Tax Fund, which was and is actually needed by the counties, and absolutely indispensable to any proper attempt by the counties to maintain their road systems.

If the "veto" stands, then the taxpayers of the counties will still strain as

they can to pay taxes towards interest and redemption funds necessary to take care of special highway bond issues, and at the same time see the value of that investment depreciate through inability, under the laws as they will be during the coming two years, to raise funds to prevent that depreciation.

AN INCREASE IN COUNTY TAXES SINCE 1913

A table of tax rates of the various counties of Arizona for the several years beginning with the 1913 tax rolls and ending with the rolls of 1922, is given below. This list shows that the county rates in most of the counties of the state have increased during the ten year period. In some of the counties the county rates have remained at substantially the same rate per hundred of valuation of property upon the assessment rolls of those counties.

At first impression these rates from year to year would lead a taxpayer to believe that county taxes had not substantially increased during the years since statehood, 1913 to 1922. That impression is not warranted by the real facts. That impression is such a one as commonly follows when people talk about tax rates as being high one year and lower another, and follow that talk up by claiming that in consequence of a change in tax

rates, taxes for any purpose are lower or higher as the rates per hundred vary up or down in the years which may be under discussion. Any such claim leaves out the really controlling element which in fact controls the aggregate amount of taxes which are levied and collected. That controlling element is the total assessed valuations of taxable property as those valuations are made and at what they aggregate in any series of years as to which proper comparisons as to aggregate amounts of taxes raised is desired. If the aggregate of values of taxable property actually remained at the same figures year after year, then it would be true that a change in rates per hundred of that valuation would be the sole measure by which to determine whether public expenses had increased or decreased. But when the valuations change year by year, then if the tax rates had actually remained the same, the real figures for determining the

aggregate of amounts raised for public purposes would change according to changes in those assessed valuations.

To illustrate what is meant by the above propositions. Go to the table below. Take Yavapai county. The tax rate for county purposes in that county for the year 1913 was fifty and one-half cents per hundred of valuation; in 1922-1923 the tax rate per hundred was forty nine cents per hundred of assessed valuation. The rate actually decreased one and one-half cents per hundred. Yet the facts are, that due to differences in the amounts of assessed valuations, the forty nine cents per hundred in 1922, produced \$528,755.61, while the tax rate of fifty and one-half cents per hundred in 1913, produced only \$200,204.46. A net increase of over \$328,755.61, from 1913 to 1922 in the actual amount of taxes levied and collected in that county for county purposes

COMPARATIVE STATEMENT OF COUNTY TAX RATES PER \$100 VALUATION 1913 TO 1922, INCLUSIVE (SPECIAL DISTRICTS NOT INCLUDED)

COUNTY	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922
APACHE	\$1.405	\$1.355	\$1.26	\$1.20	\$1.165	\$1.17	\$1.17	\$1.17	\$1.17	\$1.17
COCHISE .....	.555	.495	.53	.46	.335	.416	.416	.416	.416	.416
COCONINO	1.077	.835	1.03	1.08	.950	1.079	1.079	1.079	1.079	1.079
GILA .....	.565	.505	.603	.47	.3332	.30	.30	.30	.30	.30
GRAHAM	1.445	.888	1.16	1.10	.965	1.13	1.13	1.13	1.13	1.13
GREENLEE .....	.755	.705	.63	.60	.545	.61	.61	.61	.61	.61
MARICOPA .....	.565	.515	.58	.57	.545	.55	.55	.55	.55	.55
MOHAVE .....	.875	.905	.96	.95	.9526	.91	.91	.91	.91	.91
NAVAJO	1.405	1.455	1.23	1.05	1.0954	1.25	1.25	1.25	1.25	1.25
PIMA .....	.855	.805	.86	.84	.815	.58	.58	.58	.58	.58
PINAL .....	.665	.615	.695	.655	.465	.38	.38	.38	.38	.38
SANTA CRUZ	1.365	1.15	1.375	1.25	1.200	1.0906	1.0906	1.0906	1.0906	1.0906
YAVAPAI .....	.505	.555	.61	.55	.352	.293	.293	.293	.293	.293
YUMA .....	.985	.890	1.307	1.372	1.209	1.168	1.168	1.168	1.168	1.168

in ten years. Yavapai county is used to illustrate the point. That same illustration will be demonstrated in connection with anyone of the fourteen counties of the state. It need be stated that the total valuation of all the counties in the state, for the year 1913 was \$375,862,414.66, the total amount of county taxes levied and collected in all the counties for that year, was \$2,557,517.87; the total assessed valuation of all the counties of the state for the year 1922 was \$732,021,286.00, an amount which when used in connection with the county tax rates of the several counties for the year 1922, produced an aggregate amount of general county taxes of \$6,530,067.75. An actual increase for the counties of the whole state of \$3,972,549.88.

While the table of rates given in connection with this article does not show any special district levies made for special districts in the various counties, such as school district, special road districts, and other special district levies authorized by the laws, it is significant to state that the total amount of all special district levies for all counties in 1913 was \$574,894.41, which increased to the sum of \$2,366,374.26, as the aggregate of all special district levies of taxes in all the counties for the year 1922. In other words, the item of "special district" taxes has nearly tripled in a ten year period.

These figures tell their own story. There has been an actual increase, of two, three, and in cases of over four

hundred per cent in the amount of taxes levied to meet the total expenditures of the counties of this state for county purposes in and during the decade from 1913 to 1922. If economy is desired, if lower taxes are to be had, the people of this state must get back to the root of the whole matter. They must consider not the tax rates per hundred of valuations. They must go back and consider the purposes for which county funds are being raised by taxation to meet the cost of public expenditures which are at present authorized by law, and in many instances connected with the counties are expenditures which are imperatively demanded if the present laws are followed.

The increased taxation for county purposes, as well as for state and for all other public purposes has been brought about through the demands of various elements of the public. To a certain extent it is true that one element of the public is at all times advocating new features, new projects, new commissions, new regulatory boards, all for this, that or the other purpose, and doing so without regard to what any, all, and every of such, will cost the other element of the public. The element which demands and which advocates, and which successfully promotes new ideas requiring increased public expenditures, is not always an element which is finally called upon to pay the taxes necessarily incident thereto.

It is also true that many new projects involving new special assessment districts, new public improvements, additional new public boards, departments and commissions, or new and more costly additions, and increased powers, additional activities of, with a consequent increased amount of funds required to pay the cost, are promoted and put over by speculators, by professional promoters, and in many instances by public officials. The public pays the promotion costs, the promoters, often salaried public officials, expend their **public time**, (or at least time which is paid for by the public) in putting the particular thing over. Many times those efforts are successful. The public which eventually pays the taxes incident to supporting these new public promotions, are many times misled, many times poorly informed, and more often indifferent.

Let the vote upon any bond issued whatever. Let the vote upon any initiative measure which proposes some new public expenditure, be taken as an illustration. The result is well known and shown by numerous actual cases in the various counties, cities and districts of Arizona. Elections upon such propositions never call out any where near

a majority of the voting public. The promoters of the proposed project, with their friends are out in force. The real taxpayers are conspicuous by their indifferent absence from the polls. The result of it all appears in the increased aggregate of amounts required to be raised in taxes to meet the entire activities incident to increased numbers in public functions, functionaries, and public activities of all kinds.

If a business man looked over the reports of his business and found that the expenses of conducting that business had doubled, then tripled, and possibly quadrupled, in a period of ten years, that business man would come to life. He would go into every branch and department of the business and investigate every expense and the necessity of and for every expenditure made for the expenses and overhead of the business. He would apply a rule of business. He would ask himself the question and would not be satisfied until that question was really answered. **Is this expenditure really necessary, and does it increase the efficiency and results of the business.** That is the question a business man would ask, and upon its answer, one way or the other action would be taken. But for some reason or other, public business seems to be "nobody's business". Taxpayers are not alert to the business aspects incident to actual public expenditures. They dig down and pay a constantly increased "budget" of public expenditures, but they do not as a rule take such preliminary action as could be taken, towards reducing the amounts to be required to meet the cost of public affairs, to such amounts as are really necessary, and are really required for an efficient and fully effective administration of public affairs.

Indifferent members of the taxpaying public deserve no real sympathy. At taxpaying time they may talk, they may grumble and may kick at the amount of their taxes. But those same members of the taxpaying public do no act towards any effective action to the end of reducing the aggregate of expenditures which in the end calls for their discomfiture when the taxes are paid.

There can be no substantial reduction in the public burdens incident to paying what it costs to run our counties, our cities, our state, or the United States, governments, until the pruning knife of economy so far as consistent with efficiency, is used in every branch, with the useless and unnecessary systematically pruned out, leaving only the real essentials to be paid for by taxpayers.

SEVERAL COUNTIES, (ED).

1920	1921	1922
\$1.455	\$1.87	\$1.49
.4975	.55	.53
1.1054	1.5423	1.4039
.6217	.489	.5309
1.525	1.10	1.39
.965	1.03	.99
.555	1.0125	1.37
1.20	1.34	1.57
1.155	1.79	1.54
1.005	1.12	1.13
.6198	.73013	.7401
1.2593	1.638	1.586
.455	.606	.49
1.1278	1.60	2.1009

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P. A. Tharaldson
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Morris Garcia
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Address all communications to the Secretary,
33 West Washington Street, Phoenix, Arizona.

Questions and Answers

A taxpayer wants to know how and when objections can be made to the assessed valuations of his property as made upon the tax rolls as the basis of tax levy.

Assuming that the property referred to is ordinary real and personal property, it is the duty of county assessors in each year between the first Monday in January and the first day of May to determine the cash value of all property, and list the same to the person, firm, corporation, association, or company, owning, claiming, or having the possession, charge, or control, thereof. Taxpayers are also required to submit to the county assessor a complete list of all property owned by them, subject to taxation, which list shall be sworn to, and given to the assessor between the first Monday in January and the twentieth day of May in each year. Then on or before the twentieth day of May of each year the county assessors complete the rolls, and turn them over to the clerk of the board of supervisors, for filing in the office of the board of supervisors. As soon as the clerk receives the rolls it is his duty to give notice of the fact, specifying therein the time of the meeting of the County Board of Equalization by publication in some newspaper, if there be one pub-

lished in the county, and if none, then in such manner as the board of supervisors shall direct, and the clerk shall keep the roll open in his office for public inspection. Two members, a majority of the board of supervisors, may act as a county board of equalization, and that board is required to meet on the first day of June of each year, and shall continue in session from time to time until the business of equalization is completed; the law provides that this June meeting shall not continue beyond June 10th, at which time the board shall adjourn to meet on the first Monday of July following. At this meeting the board determines whether or not the raises and increases in assessments proposed at the June meeting shall stand. At the June meeting said board may change any valuation. If an assessment is raised notice of that fact must be given to the person to whom the property affected is assessed upon the rolls, and published notice must also be given setting the first Monday in July, at nine o'clock in the forenoon, as the time the board of equalization meets to determine whether the assessments referred to shall be increased. At this meeting, which may remain in session not longer than the Second Monday in July, the board finally decides upon whether it will increase any assessment, and at this meeting the one owning the property and all others interested therein are entitled to full opportunity to appear and resist such increase. The law provides that "the decision of the board as to whether the assessed value of any property shall be increased, and if so, to what amount, shall be final . . . unless an appeal is taken as hereinafter provided." The law also provides that: "any person, firm or corporation, dissatisfied with the amount of his, their or its assessment as fixed by the board of equalization, may appeal from the action of the board, to the superior court of the county in which the board holds its sessions, on or before the fifteenth day of September following the adjournment of said board. Appeal shall be taken by written notice to that effect to the chairman or presiding officer of the board of equalization and served upon the clerk of said board in the same manner as a summons in a civil action; provided that no appeal shall be taken unless the appellant shall, before taking the appeal, pay to the county treasurer of such county the full amount of taxes levied and assessed upon the property of the appellant by the board of supervisors, in accordance with the valuation of such property as fixed by the board of equalization, which payment shall be accompanied by a written protest, addressed

to and filed with such county treasurer, setting forth the reasons why the firm, person, or corporation making such payment deems the amount of such assessment erroneous or excessive." There is another line of action which is suggested by the revenue law of the state, that is for a taxpayer, to apply to the State Tax Commission for relief as to matters pertaining to the assessment of property. That law provides that the Commission may "require any county board of equalization, at any time after its adjournment, to reconvene and make such orders as the state tax commission shall determine are just and necessary, and to direct and order such county board of equalization to raise or lower the valuation of any property, real or personal, of any person, firm, company or corporation." The State Tax Commission, also performing functions as the State Board of Equalization, under the laws acts upon changed assessments under a provision, that:—

"On or before the second Monday in August in each year, the state board of equalization shall transmit to the board of supervisors of each county, a statement of the changes, if any, which have been made in the assessment by the state board of equalization." The mode of applying to the state tax commission is not fixed by the statutes, but in practice, the application for changing an assessment value should state the reasons why the value as fixed by the county officers is excessive and not true cash value of the property in question. It is not the purpose of this answer to give the details as to the course of action to be taken by a taxpayer who feels aggrieved at the valuation of property as fixed for purposes of taxation. It has given a general statement which covers the time to act, and also in general, the manner of acting. Unless action is so taken, and followed according to the particular details as prescribed in the revenue laws of the state the question as to assessed valuation is, as stated in the law, final. And thereafter, failing to take advantage of the modes of relief as general pointed out in this answer, the courts will not go into the question of valuations in any suit involving taxes levied according to valuations which become final as above noted.

This question and answer covers the same ground of inquiry which has been asked and answered heretofore, to those of our readers who remember that fact, the answer will act to refresh their memory as to dates which may have escaped their minds. To new taxpayers, evidently like the one asking the question, the answer will serve as information which may be useful to them.

Amounts of Legislative Appropriations Controls the Start, and Must be Lessened as a First Step Towards Economy in Public Expenditures

The origin of the idea of "budgets" in connection with authorized public expenditures, is based upon the thought, that unless plans are made to expend public money, there will be none expended, that if every public expenditure is carefully considered before it is authorized, and if all public expenditures are considered side by side, and if the aggregate of all that is proposed, will exceed a total aggregate in excess of what the public can afford to expend, that the means are at hand for weeding out and pruning down to what can be afforded. If one year requires greater economy, either due to general financial conditions, or for any other reason, then with a carefully prepared and carefully considered budget, legislators and public officials can prepare to economize, in advance of making any tax levy to meet those expenditures which are finally decided upon as necessary to be made.

In the absence of a budget system, the appropriation bills which are enacted by each session of the legislatures of Arizona, become the basis of authority upon which and following which, tax levies are made, and public officials lay their plans for their activities in public matters for a new bi-ennial period.

When the legislature enacts an appropriation bill, that bill means no more and no less, than legislative authority for the expenditure of the various items and amounts mentioned in such bills. Authority to the administrative boards, offices, departments and commissions, to use the various amounts set apart in the appropriations for each. Without an appropriation, no officer, board or department would have any authority to expend any public funds at all.....The limit of the power to expend public funds, is a limit to be determined by the amounts actually made available by legislative enactments for those purposes mentioned in appropriation bills.

So it is that the basis for public economy, is to be found in these appropriation bills. The less amount authorized for expenditure, the less the public will be called upon to contribute to the public treasuries, to meet expenditures actually made.

It may also be said, that unless the

legislature expressly declares that expenditures shall not be made, nor indebtedness created until the funds to meet same are actually in the public treasuries in cash, then the appropriation becomes the sole limit to determine what may be expended, and what public debts may be created for payment by the public, regardless of whether taxes have been actually collected, or whether other sources of revenues have, when added to taxes collected, provided an amount in the treasury to pay public expenditures in cash.

It may also be said, that where an appropriation is made, and so made without limit as to whether funds are actually available to meet expenditures thereby authorized, then if the revenues fail to come in as anticipated, the result is a deficit which must be made up from future revenues.

If an appropriation is based in part upon taxes to be raised, and in part upon other sources of revenues to be collected, then the exact amount of the appropriation will remain in doubt until those other sources of revenue have actually materialized in cash received in the treasury.

If an appropriation is made by providing a certain tax rate, based upon assessed valuation of taxable property, even such an appropriation is uncertain in amount, until the assessed valuation has been determined. If there is added to such appropriations as are to be determined by certain rates per hundred of valuation, such further amounts as may come in "from other sources of revenue", the actual amount appropriated is simply a matter for estimate until a fiscal year is completed, and the other revenues have been collected with their amounts thus determined.

When it is desired to compare the appropriations made by one legislature, with the amounts appropriated by another, estimates must be used when dealing with any of the controlling factors such as mentioned above. The legislature itself deals with such estimates, and if the public desires to know what has been appropriated, that public must also deal with similar estimates, similar to the amounts so considered by the legislature in making the same appropriations under comparison.

Daily Average Attendance Must be Estimated to Arrive at Amount of \$25.00 per Capita Appropriation for Schools

For illustration, the schools of the state are to be supported from state raised funds, to the extent of "\$25.00 per capita of pupils in daily average attendance for the highest six months of attendance in those schools." The legislature does not know what daily average attendance will be. Experience shows that the attendance increases year by year. Provisions must be made to make an appropriation which will cover the cost of running the school system. The actual attendance for last year, the last one where a legislature can have actual figures for use, are taken into consideration, with an estimated allowance for increased attendance. If the per capita at \$25.00 per pupil, required a certain amount last year, experience shows that the same method of appropriation for the two coming years, for comparative purposes will require more money. Whether it be five per cent, seven per cent, or even ten per cent of increased amount, it is still a matter of estimate as to the actual increased amount which will be required. In making an estimate as to amounts actually appropriated, that is amounts actually authorized for expenditure, it is customary to use the actual receipts "from other sources," as those receipts have normally continued to come in from year to year. So in making estimates as to "other sources of revenues to the schools, to the highways, to the university, and to other departments, the Magazine in a previous issue used figures as nearly as possible in the same amounts as were considered by the legislative committees after conferences with the various departments whose activities would depend upon support from those "other sources of revenues", as well and in addition to tax-raised funds, as to what would safely be the amounts realized from those other revenues. On the other hand, in connection with State school funds for the present fiscal year, it had been discovered that an amount of such funds as would in past years have been used for current support of the common schools had been mistakenly loaned. That mistake was corrected. It was made known that certain additional funds could be distributed

to the various counties of the state as part of the school funds available for the current fiscal year. **The taxpayers derived benefit therefrom not upon or in the state tax rates for the year, but in lessened county tax rates for common and high school purposes.** The amount to finally be expended for schools is determined by each county, the amount of state contribution thereto, is determined by the legislature. When that body arrives at the amount of state contribution to that support, when it appropriates \$25.00 per capita of daily average attendance, and adds thereto other sources of revenues available for common school purposes, and which revenues come into the state treasury as those revenues are collected, that body must use estimates. It certainly would shoot far from the mark, if it estimated an amount of other revenues to schools, which included an unusual amount, such as the amount of several hundred thousands of dollars returned in one year to common school funds, after that aggregate had been the result of the accumulations of those revenues for several years.

Legislature Uses Estimates When Appropriating. Public Must Use Estimates When Comparing Appropriation Bills

Of necessity, for reasons explained above, estimates must be used before any comparison can be made as to appropriations made by the 1923 legislature, and the appropriations made by any previous legislature. If the figures of estimates are in any instance too low and the actual receipts from other sources to the highway funds, to the school funds, or to the university funds, are more in fact, than what is estimated they will be, when appropriations are made, then it is true that the actual appropriations will increase by corresponding amounts as those revenues increase.

It must at all times be kept in mind that appropriations do not in all cases mean that taxes will be levied to equal the appropriations, except in the case where there are no other sources of revenue to apply upon the amounts appropriated. So when it is said that the legislature appropriated this or that

amount for any purpose, and the aggregate of a certain amount, it must not be understood that the aggregate of taxes will equal the aggregate of appropriations. If "other sources of revenues" are to be deducted from the total appropriated for any purpose, then the tax amount will be the balance. For tax purposes, in such cases the amount of those other sources of revenues will always be a subject for estimate by taxing officers. If "other sources of revenues" are appropriated in addition to certain amounts to be raised by direct tax, then the latter amount will be raised by taxation.

After calling attention to the many phases of the situation surrounding the term "appropriation", and explaining as best it may be explained why figures of estimate must work their way into the question of actual amounts appropriated, a return to the subject of this article will bring out its purpose. **Whatever is appropriated, in fact controls the amounts at some time or other in the course of administration of public affairs, will be expended, so far as legislative authority for expending is necessary.**

The first step towards economy in the matter of what may be expended for public purposes, of public money, is that appropriation made by the legislature. There may be subsequent steps, which in turn may trend towards economy, such as actual control by individual offices, boards, commissions, and state institutions, as to how much is actually expended from appropriations, but within the limits of what is appropriated, that question of economy in actual expenditure is optional with those public officers having control of public purposes for which expenditures are authorized by the legislature.

True economy at all times requires joint action by the legislature and the administrative officers. The legislature must limit appropriations to amounts actually consistent with desired economy consistent with what the public demands as to that economy. The administrative officers can then use careful methods in the items of expenses, travel, extra assistants, and in other details, where care will prevent unnecessary use of money to be finally paid by the public. Each department of the state, the legislative and the executive or administrative de-

partment, owe a similar duty to the public, a duty to save public money from waste and from extravagant use thereof.

The legislature may put the curb on, which checks the whole matter of expenditure, by lessening appropriation amounts. The executive or administrative officers, may go slow or fast, may economize or not, regardless of whether appropriations are large or small, if in the course of the use of such appropriations there appear opportunities for curtailing expenditures.

This article, and previous articles and tables in other issues of the Magazine, is dealing only with the figures of appropriations actually made by the legislature. Figures of specific appropriations in specific amounts, with figures of required and indispensable estimates, all taken together in arriving at what the legislature intended to do in the way of authorizing the use of public funds for the next two fiscal years in Arizona. Those figures show an increased amount in each year covered by the appropriation bills. The question of what the legislature intended to do is foreign to the result of what those figures show was actually done. The legislature may have intended to reduce the amounts authorized for use for state purposes. Whatever may have been the intent the figures speak for themselves and so speaking tell no tale of economy in the matter of appropriations made and the use of public money of Arizona actually authorized by appropriation bills which will control the expenditures made by administrative officers during the coming biennial period.

The whole matter of how much is actually expended. The whole matter of how much of those appropriations will be raised by taxation. The question of whether actual receipts from other sources than taxes, will increase or decrease what appears at present to be authorized appropriations for expenditure, due to legislative enactments. All these questions will of necessity be solved as the two fiscal years pass along into financial history. But history already made, the appropriations themselves, fail to show any actual result in reducing the amounts of authorized public expenditures. If the legislature intended to step out for economy, it did not do so.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TEN

PHOENIX, ARIZONA, JUNE, 1923

NUMBER SIX

Amount Received in Arizona for Public School Purposes of Year 1921-1922

Poll Tax	\$109,045.17	1.71%
Miscellaneous—		
National Forest, Etc.	\$167,265.80	2.63%
Income State Lands, Etc.	\$254,072.15	4.00%
State School Tax	\$1,254,325.00	19.70%
County School Tax	\$2,197,754.01	34.54%
Special District Levies	\$2,382,648.08	37.43%
	<hr/>	
	\$6,365,410.16	100.00%

(In addition to the above the school districts borrowed
\$1,770,000.00 by sale of bonds.)

The headings as to general sources from which school funds are derived, as those headings are given above, also the amounts extended under each head, are taken from the Sixth Biennial Report of the State Superintendent of Public Instruction, a report which covers the school year referred to above. A more detailed explanation as to such general heads has been prepared and is presented in an article appearing upon the inside pages of this issue of the Magazine.

EDITORIAL COMMENT

THOUGHTS BEARING UPON MEANS FOR PUBLIC ECONOMY

The problem of just where to start that public expenditures may be decreased is one of the fundamental problems connected with such economy as is required if tax burdens be decreased, or if not actually decreased, are kept from constantly increasing until the public is in better shape to pay what it must finally cost to maintain any efficient government, such a government as will bring about and continue to protect the members of the public in the full enjoyment of life, liberty, and happiness, and such a government as will harmonize the rights of each individual with the rights of the public as a whole, and finally speak for collective progress of the people as a whole. Every thought upon the proposition of where to start, will lead to other thoughts along the same lines, and when the public fully appreciates what must be done to accomplish its desires for lessened amounts in the aggregate of public expenditures, it will act accordingly. The question of a necessary reduction of costs of public activities is a question no longer local in nature, but is a question which is absorbing the attention of thinkers for public good throughout the whole United States. Taxpayers of other states have problems of increased taxation as the result of increased activities connected with public affairs, and connected with the carrying on of activities which for years have been accepted as indispensable to good government. Having that experience as a basis of existing activities which is widespread which involves action from public revenues includes old established and undoubted desirable functions, but being the functions added thereto. The cost of the old has increased. The new functions are primarily new burdens, and as time goes on the cost thereof has swelled from year to year. The question is where to start towards economy. What others say upon that question may be of interest to our readers, and so a quotation is given from an editorial appearing in the April issue of *The Bulletin of the Nation-*

al Tax Association, which bears thereon, as follows:

"The problem of lowering the cost of government is steadily assuming greater proportions, and it bids fair to become, by indirection, one of the most acute taxation issues, if, indeed, it has not already arrived at that stage. Tax problems are centering more and more around the question of how a reduction of burden can be effected, and to a correspondingly diminished degree around the opposite question of still greater increases. This, at least, is the form that the issue takes in the popular mind, whatever may be said of the manner in which it may be viewed by administrators, public officials, and others.

Despite the gravity of the situation, there is a deplorable lack of genuinely constructive achievement in attacking the problem of reducing public expenditures. Hosts of candidates for public offices are elected, and still larger hosts stand on the plank of economy and efficiency in office. Wholesale reforms and economies are promised recklessly, and with utter disregard of the problems involved in a lasting and effective cut in public expenses. Practically all of those who promise economy as a bait to the voter overlook the fact that the rising level of governmental cost has come about gradually, quite largely in response to the demands of the people that there be an extension of governmental services. They also overlook or neglect to point out the equally obvious fact that this enlarged structure of governmental functions and activities cannot be torn down to smaller proportions overnight. This means, in effect, that the real and lasting economy in the cost of government must proceed upon the basis of a thorough going study and examination of the kind of administrative organization that has been built up for the purpose of serving the needs of the people. No other kind of economizing is worth anything at all except for campaign purposes.

We find, accordingly, that the candidates for office, national, state and local,

may be grouped, roughly, into two classes. The first, which includes virtually all of them, is almost totally devoid of constructive ideas of how the public money can be saved by better organization and more efficient administration. Some of these say bluntly, 'The way to economize is to economize.' But the real saving in the cost of government requires something more than an epigram. However, forceful its point may be. Others, notably state executives, content themselves with lopping off a few heads here and there, and then relapsing into the old ways. *** The other group, which is a very small one in numbers and quite insignificant relatively, appreciates the necessity of thorough study, not only of the present structure and organization of government, but of an equally thorough constructive program of reorganization and reconstruction. They appreciate that the essential functions and activities of modern government must go on—the problem is, how can these activities be carried on more economically by reducing waste, duplication, and inefficiency." ***

This editorial touches upon many of the essential lines for thought and action if the public desire to reduce the cost of public activities. It brings home the fact which has been announced in the magazine many times, the fact that the increased number of functions and activities which have contributed to the increased cost of government, has come about through demands of the people. If these demands are among the really essential ones, it is no wonder of the people to demand them as public functions, then the cost must increase. To reduction can be made in that cost, except such reduction as may come about through more economy in the conduct of each such activity. The main cost will remain. The economy will come through an application of methods in connection with administering the functions of such activities, as will at all times guard against waste, extravagance, and including unnecessary lines of action with their attendant cost. If on the other hand, these particular ac-

vities have been undertaken in response to a call from a limited number of the public. If any such activity finally sizes up to be a matter of convenience to a few, rather than a real necessity to any, in such cases, a proper reconstruction policy will include the abolishing of any such activity.

If it is found in connection with any of the newer frills and activities of government as it now exists, that some necessity exists for public control, supervision, and handling of some new problem, —such a problem which is of minor importance to the many, but of necessity to some class of industry which in itself may be in its infancy, but has prospects for developing into importance in the future, then the reconstruction proposition involves a study of whether a new office, board or commission, must be created, or, can the desired results be obtained through authority given to the end desired, and that authority vested in some existing board, office, or commission. This sort of reconstruction, involves a pruning out of needless separate offices, and a consolidation of the functions thereof in other offices, now performing functions for public good, of

a similar or kindred nature to what is now run at separate cost with separate overhead particular to a separate office, department or board.

It is very true that an efficiently carried out plan for reconstruction which will result in lessened cost of government, cannot become a plan, nor be put through, "over night." Changes in present laws which have created expenses, or created offices, boards, and departments, which will be eliminated in such an efficient program of reconstruction, must be made by the legislatures. Legislators who conscientiously intend to give the people laws which will become "re-constructive" in their effect towards reducing the aggregate of money required from taxpayers to support the governments of states, counties, cities, towns, and other municipal organizations, must hasten to join what the editorial above quoted classes as a group, but which is the minority group which is actually studying and investigating, that they may be informed of what can be done, and so done without any real impairment of governmental efficiency.

Asking the question and submitting

the problem of how it may all be done, the foregoing editorial and others of similar import, repeatedly bring home the answer. **The public must study the situation. Public officials must study it.** That study will develop an answer as to what changes can be made and leave the desired and necessarily required activities to be performed by existing governments, federal, state, or local governments. That study will develop what, if anything can be eliminated, and leave an efficiently working government. Taxes and public expenditures have gradually increased. Until recently the public have taken that increase as a matter of course. More recently the public have commenced to inquire into why that increase. When the public have studied the problem enough to know the reason why, there will come about such a change as will finally work economy. Without the knowledge of why, the public cannot well revise the present laws. Knowledge is power, and with that in mind the question of economy becomes a matter of education to the extent of real knowledge as to where and how the situation can be altered, and the burden of taxation decreased.

Develop Present Activities of the State to Full Extent Before Entering Field of Speculation With New Projects

It is apparent that something is wrong with the conditions which control many of the industrial activities of Arizona. When it is a fact that property values are such, the income which will and does result from the use of property as a means of producing profit, that the owners are unable to make a profit sufficient to pay the expenses of that operation, including public taxes as an expense, then it may be repeated that something is wrong.

If a man owns a house which he rents, the rent should be an amount which the tenant can pay without strain, and should also be an amount which will enable the landlord to keep the property in repair, pay taxes and other expenses incident to the ownership of property, and in addition thereto give that landlord a reasonable rate of profit upon the investment which is represented in the property itself.

If a man owns his farm or ranch, and with his own efforts, and the active assistance of the members of his household, works that farm or ranch as a means of obtaining a livelihood, and, when by the use of thrift and untiring efforts, that rancher finds that it is next

to impossible to make both ends meet. Finds that from his returns upon crops raised he is unable to pay his expenses. Finds that he must let taxes go delinquent, and that all the way around, the yearly operations have not yielded enough returns to cover the expenses, let alone any return at all upon the investment in the ranch itself.

If the foregoing conditions exist as connected with property as it now is in Arizona, then it is a fact as stated above, that conditions are present from which those facts follow as a necessary and inevitable consequence.

The people of Arizona are strong in their ability to cope with all kinds of conditions. Everything and all property which today represents the taxable wealth of the state, stands as mute evidence of continued and unremitting efforts to remove conditions as they were in the outset, and to bring about such a change as would mean and has meant an industrial, commercial, and educational development in Arizona to the extent now present.

But the people of this state are again facing conditions which are the result of new and unforeseen circumstances. Such

circumstances as could not be avoided by those affected, but which must be confronted, dealt with, and overcome by the people, before it can be expected that prosperity will return.

General prosperity and profit through the production from taxable property must go hand in hand. Without the latter, the former will not be present.

Present Productive Value of Property must be such as to Insure Profit and the Stability of Support to Schools and State Institutions

The stability of the state in its continued ability to maintain and support its university, its normal schools, its common school system, and all of its other state institutions and necessary activities to the end required in what is termed government, is a stability which depends upon the values of the fixed and permanent property which now appears as taxable property upon the tax rolls of the state, and which will continue to so appear as taxable property for all time to come. If the actual producing value of property of that class is insufficient to meet the expenses of that production and contribute its proportionate share towards the support of public activities,

then as a final result those activities will be crippled for lack of funds to carry them on.

In times past when everything which could be produced, was turned into money at high prices, prosperity was present. The general public gave little thought to the increasing of public burdens. The matter of the amount which it cost to maintain the state, the counties, and the cities, was of very little concern to them. With that prosperity present on all sides, when public improvements were suggested which required bond issues, those bond issues were generally voted with a rush. With a change in conditions, the owners of permanent property which then and now was upon the tax rolls, and upon which taxes were then as now levied, to meet the current costs of government, and to meet interest and provide annual amounts towards a final payment of the principal of those bond issues, find that the property itself will not produce the amount required for payment of those taxes. Or, if this last statement is not literally true, let it be stated another way. The property will not under present conditions, produce any profit to its owners over and above the payment of taxes, plus other necessary costs of production as the result of operations with the property itself.

There are several questions to be asked, considered, and finally answered before existing conditions of the kinds above referred to, can be approached, coped with, and finally handled in such manner as to remove them as a menace to the prosperity and progress of our state.

The first course suggested by a condition which has resulted in a burdensome increased tax upon property, is towards economy in the matter of public expenditures. **Reduce the expenditures and taxes will be reduced.** That is self evident. But the real problem is, how to bring about that reduction. The recent session of the state legislature took up the problem of lessening the amount of public expenditures, as a means to that desired end of reducing the amount of taxation, but the result as shown by appropriations voted was an increase rather than a decrease in the amount of such appropriations over appropriations of former years. It is certain, that with property values on the decrease, and the amount of money needed and appropriated for public uses and purposes upon the increase, tax burdens will increase rather than decrease.

Bond Issues Becomes Permanent Items of Taxation Unit Finally Paid. Only Payment can Decrease that Burden in Taxes

Then again the field of present operation to the end of reducing expenditures for public purposes is limited in its scope. There are those fixed burdens arising and continuing through bond issues, and taxes required to pay interest and principal upon those bonds, which are burdens which cannot be thrown off for the relief of present taxpayers.

Another side of the proposition is one somewhat similar to the story of Mahomet and the mountain, it is, that if the mountain would not go to Mahomet, then he must go to the mountain. So, if taxes cannot be decreased, or are not in fact decreased through legislative action in connection with appropriations for public purposes, the public is left to act for itself during another two year period, and it must use its energies towards making property values increase, by ascertaining and then removing so far as possible all conditions which are now present and which so control that taxable property cannot through production therefrom respond to public demands in the way of taxes assessed thereon and a reasonable profit left from that production to the owners of the property.

Use Civic Energies to Consummate a Demand for all Lands Now Irrigable Before Boosting for new Projects

If, instead of promoting new projects involving the reclamation of still more lands for agricultural purposes, the various civic organizations were to make an actual survey of lands now under present reclamation projects with water already available therefor, and in that survey, ascertain how many acres of such land is at present idle and uncultivated. And would continue that survey until it was discovered why every available acre of agricultural land in the state was not in crops. And after such a survey, continue the activities by operating upon the conditions which exists as reasons why there is any such land uncultivated in the state, the result might be, that such a newly created demand for all such lands would arise, new tenants would then appear, old owners would be benefited, and new owners would become citizens of our state and residents upon that land, if as a result of such a survey, followed up by ascertaining the untoward conditions, and finally removing each and every such condition that now exists and keeps the farmer and rancher from at present

making any profit from his farms and ranches.

There appears to be no use and no ultimate profit through building new houses either to rent or sell, when there are many vacant houses, equally as good, which can be rented or can be purchased as cheaply as any new one which might be built. The law of supply and demand controls. When the time comes that all the land now susceptible of irrigation under projects already constructed, is insufficient in acreage to meet the demand of those who will actually put that land into crops, then it will be time enough to consider the proposition of constructing at public cost, still other similar reclamation projects. Especially so, when the new land when reclaimed will cost as much as the land already available but not now cultivated would cost a new settler looking to Arizona for a future home.

The Magazine is ready to boost and boom for Arizona, just as ready to do so as any other publication of the state. But the Magazine is looking to things which will affect the question of taxation in this state, it is trying to suggest ways to relieve present taxpayers. It seems to appear to be the case that one means of relief lies in going slow until demands for property, for ranches and for farms, has reached a point where the value of that property will be a profitable value to its owner. To do this, before increasing the supply of similar lands and thus decreasing the values of presently available lands.

Boosters and boomers who overlook the rule of value as controlled by the law of supply and demand, and who continue to work upon the cupidity of the public and lead individuals into speculating as to the future, do not have the real interest of the state at heart. They care not, if they "boom, boost, and bust," if in the meantime the other fellow is busted. The real solution of present problems seems to be in boosting in a different way, boosting for a safe, sound, sure and certain development of present taxable resources, by insuring profit producing property to become a permanent portion of those resources, before considering new and competitive projects.

Boom and boost, until all available resources are intensively operated, and until the demand for what is available has exceeded the supply, and that same booming and boosting will in and of itself, become a boom and boost for every new reclamation project, when the time is then ripe to bring such new projects into existence to supply a then present demand.

Where the State Money Comes From For High and Common Schools

Prior to the 1921 session of the legislature, the state common school fund was raised by direct tax for the support of the common schools only. The amount raised in state taxes was a fixed amount, and was distributed among the counties in proportion to the number of pupils between the ages of sixteen and twenty-one years residing in each county. When this distribution was made and the several counties received their proportion of the state funds, those funds were divided among the schools of each county according to the daily average attendance in the schools for the six months of each school year showing the highest daily attendance. Under this method of distribution, the state funds were apportioned to the counties upon one set of figures, derived from the school census showing numbers of pupils of school age in each county, and when the counties received the funds, those funds were in fact distributed upon and according to another set of figures, those shown by average actual attendance in the schools. Under the old law there was always some doubt as to how to handle "other sources of revenues" to the state school fund, as to whether, these other revenues were in fact appropriated in addition to specific amounts named in the school law and in the general appropriation bills of several sessions of the legislature, and distributed as an addition to funds to be derived from direct taxation, or, whether these revenues were to be deducted from the amounts specifically appropriated, leaving only the balance to be raised by direct tax. This confusion resulted in a practice in several of the counties of raising enough money to support the schools, regardless of whether the amount to be received from the state funds was to be the lesser or greater amount in the solution of that confused situation.

1921 Legislature Changed Method of Apportioning State School Funds

The 1921 session of the legislature made some important changes in the mode of distributing state school funds. The law which it enacted, provided that a sum of money equal to twenty-five dollars per capita on all pupils in daily average attendance in the common and high schools of the state, as shown by the records of the state superintendent of public instruction for the preceding year, should be used for the support of

those schools. The special session of 1922 made a similar appropriation as above, and also made provisions that in addition to the appropriation made of twenty-five dollars per capita based upon daily average attendance, the amount of money received from national forests, interest collected on deferred payments on the purchase of state lands, the rentals collected from the leases of state lands, and the income from the investment of permanent funds as prescribed in the Enabling Act and state constitution, and income from toll roads, bridges and ferries tax, be also used for the maintenance of the public schools. Under the construction placed upon the provisions of the state constitution, of the Enabling Act, and other acts of congress, the state officers treated all revenues from the Forest Reserve, all revenues from sales of lands from the public domain made by the United States, which under the acts referred to were to be paid to the state for the support of its schools. This explanation is given in connection with the figures upon the front page of this issue of the Magazine, so far as those figures show amounts derived from "state funds" or state revenues, as distinct from "county taxes" and strictly county revenues. So the figures upon the front page show that for the completed fiscal year 1921-1922, ending June 30, 1922, \$1,254,325.00 was levied in state taxes upon the per capita basis of \$25.00 of daily average attendance in the common and high schools of the state, and the collections thereof were distributed to the counties. That in addition thereto, miscellaneous other revenues, primarily from the federal government, such as revenues from the forest reserves, all to the amount of \$167,265.80 went into the state common school fund and was distributed to the counties.

Male Residents Required to Pay a "Poll Tax" for Common School Purposes

Under the provisions of law every male inhabitant of Arizona, whether a citizen of the United States or an alien, except fireman, members of the national guard, paupers, insane persons and Indians not taxed, are required to pay a "poll tax" of two dollars and fifty cents per year. This tax is collected by the county assessors. The proceeds go into the county school funds. The total sum of \$109,045.17 was collected for that

fund from this tax in all the counties for the year 1921-1922. Then in addition to all other funds, each county raises a common school fund by direct property tax. \$2,197,754.01 was the amount so raised by all counties for the year covered by the figures upon the front page. Under existing laws, each school district may be permitted to make special levies for school purposes, and as a result of such special levies \$2,382,948.08 was raised and used to maintain the schools of the different districts availing themselves of the privilege of making special levies, all in addition to the apportionment to such districts from state and county school funds.

Total Revenue Shown on Front Page does not Include \$1,770,000.00

Raised by School Bond Issues

Some confusion has been produced as bearing upon the total expenditures for school purposes in past years, owing to the fact that balances in "building" funds, and balances in other funds raised by bond issues, were often carried as balances on hand, and the total expenditures for all school purposes included expenditures from bond raised funds. The report of the State Superintendent of Public Instruction from which the front page figures are taken, has segregated an amount of \$1,770,000.00, on account of the fact that this total was raised through sales of bonds by various school districts of the state, the proceeds of which is to be used solely for buildings, grounds, and paving around school grounds, all according to the purpose specified in the bond issues. The interest upon such bond issues is included as an additional tax upon the property within the boundaries of each district issuing bonds upon which interest must be paid. And so it is, that the tax rolls of the counties may show an amount for state taxes, and an amount for county taxes, and where special amounts are raised in districts for school purposes those amounts appear with items also to cover the annual interest upon district bond issues, and an annual portion of the amount of the principal of such bonds, as taxes levied against the property of any taxpayer.

From the sources above detailed, the sum of \$6,365,410.16 was raised in taxes and other revenues and applied towards the current annual maintenance of the public schools of Arizona for the year ending June 30, 1922.

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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Questions and Answers

Q. & A. What is the present classification of the various counties of the state for the purpose of fixing the salaries of county offices and other purposes where a classification controls?

The last classification law relating to county salaries was enacted in 1919 by the Fourth State Legislature. Under that law it is provided that:—"Counties having an assessed valuation of more than fifty million dollars shall belong to and be known as, counties of the first class. . . . counties having an assessed valuation of more than fifteen million dollars and not over fifty million dollars shall belong to and be known as counties of the second class. . . . counties having an assessed valuation of more than twelve million dollars and not over fifteen million dollars, shall belong to and be known as counties of the third class. . . . counties having an assessed valuation of less than twelve million dollars shall belong to and be known as counties of the fourth class." That law also provides that: "Whenever the assessed valuation of the taxable property of any county, determined as herein provided, shall advance to the minimum fixed by this act for counties of the next higher class, such county shall thereafter become and be a county of such higher

class, and whenever the assessed valuation of any county shall fall below the minimum herein fixed for counties of any such class, such county shall thereupon become and be a county of the next lower class." The valuations are fixed and determined according to the tax rolls of each county. Referring to the report of the State Tax Commission it appears that the assessed valuations of Apache county for year 1922, last years roll, is \$8,776,318.00, and of Navajo county, \$11,393,701.00, which places these counties in the "fourth class." The same reference gives Graham county an assessed valuation of \$12,480,418.00, and Santa Cruz county an assessed

valuation of \$12,013,806.00 which makes these counties classify as "Second class" counties for purposes mentioned. Coconino county with assessed valuation of \$20,128,235.00; Greenlee county with an assessed valuation of \$24,911,059.00; Mohave county with an assessed valuation of \$20,113,636.00; and Yuma county with an assessed valuation of \$21,064,333.00, all belong to the "Second Class" counties under the classification act. The counties, Cochise, Gila, Maricopa, Pima, Pinal, and Yavapai, the assessed valuation of the property in each exceeding \$50,000,000.00, are classified as "First Class" counties.

Table Showing Actual Apportionment of State School Funds for Current School Year as Apportioned to Counties

The table which appears below shows the number of pupils in daily average attendance in the schools of the fourteen counties of the state, which numbers become the base for distribution of state school funds. During the year which commenced with July first, 1922, and will end June 30, 1923, the real school year requires distributions of available school funds to meet the cost of maintaining the common and high schools of the state. It being a fact the "school year" and the "fiscal year", as those terms are used, do not commence and end at the same time. So far as the law refers to the time for distributing the state common school funds, it requires distributions to be made on the second Monday of January and May of each year, or as soon thereafter as the county treasurer shall apply for the same. The last apportionment for the present "school year" of those funds was made under date of April 9, 1923. To do this the taxes due the state for the last half of the present fiscal year, were "anticipated", by the issue of "tax anticipation bonds". The table shows that four distributions were made. The funds distributed amounted to a total of \$36.94 cents per capita based on attendance in the schools. Of this \$25.00 per pupil came from direct taxes levied as other state taxes are levied and collected, while the balance amounting to \$11.94 per capita of pupils attending schools was derived from so-called "other sources of revenues" to the state school funds, appropriated for the maintenance of such schools, in addition

to the \$25.00 per capita tax. The table shows a total of state funds distributed to an aggregate of \$1,852,532.14, of which a total of \$1,215,415.00 represents direct taxes, and the balance was derived from other sources of revenues. In connection with those other revenues made available for maintenance of schools in the distribution covered by the table below, there was the sum of \$250,000.00 restored to the school funds, and which had in previous years been loaned in state loans, instead of credited to the maintenance funds for use of schools in the years collected. This amount was derived in the first instance from rentals of state lands belonging to the school land fund, from interest upon deferred payments due upon sales of such lands. This is an amount which will not again appear in future distributions. So that while apparently the other sources of revenues distributed as state school funds for the year referred to amounted to \$637,117.14, after deducting this special \$250,000.00, there is left an amount of \$387,117.14 as the current annual amount of such revenues, an amount which has some bearing upon the question as to estimates of what those revenues will amount to for another year from the same sources.

It may be well to state, that after making the final distribution of school funds for the current school year, to the total amount of \$1,852,532.14, there still remains a balance of \$30,497.91 to the credit of the state common school fund, which will be available for the purposes of a new year.

**STATE SCHOOL FUNDS
APPORTIONMENTS, 1922-1923**

County	Pupils	1st Appor. Aug. 14, 1922	2nd Appor. Oct. 10, 1922	3rd Appor. Jan. 8, 1923	4th Appor. Apr. 9, 1923	TOTAL
Apache	1,051	\$ 8,106.50	\$ 10,156.73	\$ 10,070.66	\$ 10,496.83	\$ 38,830.72
Cochise	8,049	62,193.75	77,673.72	77,125.36	80,389.17	297,382.00
Coconino	1,120	8,625.75	10,836.49	10,731.82	11,185.97	41,380.03
Gila	3,975	30,806.25	38,267.33	38,088.37	39,700.22	146,862.17
Graham	2,369	19,173.50	21,992.61	22,699.72	23,660.33	87,526.16
Greenlee	2,030	15,732.50	19,542.81	19,451.42	20,274.57	75,001.30
Maricopa	15,030	116,064.00	145,112.31	144,017.17	150,111.73	555,305.21
Mohave	755	5,851.25	7,268.39	7,234.39	7,540.54	27,894.57
Navajo	1,878	14,554.50	18,079.51	17,994.96	18,756.47	69,385.44
Pima	5,264	40,796.00	50,676.53	50,439.54	52,574.06	194,486.13
Pinal	1,855	14,376.25	17,858.09	17,774.57	18,526.76	68,535.67
Santa Cruz	1,686	13,066.50	16,231.12	16,155.22	16,838.88	62,291.72
Yavapai	3,077	23,730.50	29,738.53	29,483.75	30,731.45	113,684.23
Yuma	2,002	15,515.50	19,273.25	19,183.12	19,994.92	73,966.79
	50,141	\$388,592.75	\$482,707.42	\$480,450.07	\$500,781.90	\$1,852,532.14
		BASIS	BASIS	BASIS	BASIS	TOTAL BASIS
		\$7.75	\$9.627	\$9.58198	\$9.987473	\$36.946453

Report of Legislative Committee Upon State Loans Made in "Lyman Dam" Project

With \$629,672.66 of the state land funds tied up in connection with loans made for the construction of what is known as the Lyman Dam project in Apache county, and with no interest paid upon loans of that amount for several years, the Sixth Legislature appointed a special joint committee to investigate and report upon the real situation as it exists today in connection with that project. That committee made a personal examination of the project in connection with two competent engineers. After so doing it made its report which has been printed as one of the public documents of the state. That report includes some thirty-four printed pages, and while it is impossible to give our readers the entire report, there are certain conclusions as to facts made in the report itself, of which portions are presented as quotations therefrom in what follows:

The report says:—

"The financing of this project by the state of Arizona was not consistent with the known standards of good business policy, from either an engineering or legal view point. The loaning of the permanent school fund, the University Land Fund and University Timber Fund, which are trust funds under the Enabling Act and Constitution of the State of Arizona, in so reckless a manner constitutes a breach of trust not only to the United States Government, but also affects the education of the children of this State."

"The correct interpretation and enforcement of the constitution of Arizona was evaded by the officers of the Land Companies as well as by the highest officials of the State, holding office from the years 1918 to 1922, inclusive."

As to the project itself, the report says, in part, that:—

"Given an assured supply of water for irrigation, 10,000 acres, or two thirds of the land under this project, can be farmed and made to maintain the pro-

ject, and also repay a portion of the state loans thereon. It is

questionable if those lands (7000 Acres) under the "Long Hollow" canal will come under irrigation within the next ten years—the topography of the lands, the length of the canal and the necessarily very high maintenance cost of the canal will preclude any profitable efforts to put water upon these lands within that period. . . . This, therefore, leaves

8000 acres of lands under state loan and interest, and about 1000 acres not under state mortgage which receive benefits from the project but under no obligation to the state.

These lands are 60 miles from the railroad with a fifteen dollar a ton rate to such railroad point and are then still a "long haul" to centers of population, consequently the success of this project must depend: (1) Upon placing available acreage under cultivation, and (2) Upon the marketing of these crops "on the hoof" and as dairy products."

It appears in the report that state loans which were made, did not go to the benefit of actual settlers and residents of Arizona, for the report in dealing with the ownership of the land says:—

"This company, (Lyman Water Co., of Denver,) owns about 60 per cent of the land under the entire project and forty per cent of the land under the main canal. . . . Individual holdings amount to about 5000 acres."

The report shows that the most costly mistake "was in ignoring the original plans and specifications," as to the construction to be undertaken.

"The state loans made upon the lands are as follows:—

January 9th, 1918.....	\$10.00 per acre
or	\$ 123,040.00
April 5th 1919	\$10.00 per acre
or	\$126,930.00
Dec. 15th, 1919	\$25.00 per acre
or	\$379,702.66

Total	\$ 629,672.66
Total of interest due Dec. 31st, 1922	84,989.10

Total indebtedness due state

\$714,661.76

The report shows that the entire loan was made from funds held in trust for the University and for the Common Schools, in amounts as follows:—

Permanent School Fund	\$ 495,125.66
University Land Fund	20,640.00
University Timber Fund	113,907.00

\$ 629,672.66

What the report does not show, is the fact which has been commented upon in the Magazine in several articles, and is, that the money actually used in making these loans from the Common School Land Fund and the two University land funds mentioned was not entirely the principal of those funds, but included incomes from the lands, and interest upon the principal of the funds, diverted from current support of the common schools and university, treated as part of funds available for loans, and loaned. Thus the additional fact is, that not only were the loans "poor loans" from the standpoint of good business, but to the extent that "income and interest" was included therein, the taxpayers of the state have since January 9th, 1918, paid additional taxes, that such interest and principal might be loaned for the benefit of the Lyman Dam project, instead of going, as it should have gone, for the current support of the schools and the University.

Sixty per cent of which additional taxes, went to the benefit of a non-resident land holding corporation, which held its lands, and still holds them for speculative purposes, leaving only a small portion, the owners of 5000 acres out of a possible 15,000 acres under the project, as actual settlers and residents to be benefited by such taxes. Just how loans were made for the benefit of the "sixty per cent" of land owned by the non-resident corporation, appears in the report of the Legislative Committee, in what follows and quoted from the report:

"Your Committee, after the most careful consideration of this project, recognizes the following factors:—

1.—The only way in which the state can obtain any substantial returns upon its moneys loaned to this project is by **having the major portion of these lands, which are feasible of irrigation, owned and cultivated by individuals,** and under an efficient and properly supervised irrigation plan.

2.—The present indebtedness is such a burden that it precludes the probability of the present owners being successful, or of interesting prospective settlers.

3.—Conditions do not justify nor do our laws allow of the state investing any additional funds in the project, other than those already belonging to this project.

4.—It is imperative that some plan be devised through which the present burden of indebtedness can be partially relieved and that the state will, for this consideration be assured that these lands will be placed under cultivation, by actual settlers, within a specified period and remain in cultivation.

5.—That the loan board consists of the Governor, Secretary of State and State Treasurer.

6.—That **"dummy" were used by the large land owners in order to evade our laws and obtain loans of state funds upon these lands. That this condition was known by the Loan Boards making such loans. That such acts by large land owners and State officials cannot be too severely criticized**

7.—That the loaning of the Permanent School Funds to this project places this state in a most precarious position with the Federal Government, due to the restriction placed upon such funds in the Enabling Act.

8.—That the state has, by the acts of some of its officials, been made to assume a very serious liability, and that such a condition be eliminated at the earliest possible date."

The Committee went on and further recommended that the statutes of the state as regards the loaning of state funds "be so amended that a repetition

of so serious a mistake cannot again occur." That a careful investigation be made by the Attorney General, of the acts of the Loan Boards making these loans, and if such acts show misuse and misappropriation of trust funds, that such State officials at once be sued upon their bonds.

The report contemplated that the legislature would enact some relief measure, and goes on to recommend "that if such relief acts or measures . . . are proven unconstitutional" within a reasonable time," . . . thereupon the State should institute immediate foreclosure proceedings."

That our readers may know why it was necessary to evade the law and use "dummies" in making loans, it may be explained that **the statutes forbid loans of more than five thousand dollars to any person, association or corporation.** With sixty per cent, or nine thousand acres out of fifteen thousand acres under the project owned by one corporation, and seventeen hundred acres owned by another corporation, if that law had been followed strictly according to actual ownership, the initial loan of \$123,040.00, made January 9th, 1918, could not have been made, because it would have involved a loan of \$90,000.00 to the one corporation owner, and \$17,000.00 to the other corporation, real owners of lands involved.

The legislature did propose, but did not enact any relief bill to cover the situation. It did enact and pass a new law to cover the loaning of state funds. This latter enactment was vetoed. So if the recommendations of the Committee be followed there remains nothing to be done except an investigation as to possible liability upon official bonds, with a foreclosure of state mortgages upon lands under the project. After this is done, the lands will become "state lands" can be sold as such, and after such sales, the real loss and depletion of the capital of the trust funds involved in the Lyman Dam transaction of loans will become known. The report plainly foretells a loss, from these trust funds. The amount of that loss remains to be ascertained. Whatever the loss may be, as usual in such cases, that loss falls upon the taxpayers of the state, in the way of permanently increased taxes to support the University and the common schools, to make up for interest which would have been obtained, had the funds loaned the Lyman Dam project, been in fact loaned upon "safe interest bearing securities", just as required by the Enabling Act and the State Constitution, in connection with loans of the trust funds involved.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TEN

PHOENIX, ARIZONA, JULY, 1923

NUMBER SEVEN

AMOUNT OF TAXES FOR ALL PURPOSES IN ARIZONA, FROM 1913 TO 1922, INCLUSIVE

Year	Total Taxes All Purposes	Average Tax Rate Per \$100.00 Valuation
1913.....	\$5,550,302.98	1.505
1914.....	\$5,759,344.58	1.408
1915.....	\$6,823,686.06	1.6215
1916.....	\$6,739,942.45	1.4039
1917.....	\$9,562,941.13	1.371
1918.....	\$9,999,909.52	1.199
1919.....	\$13,668,592.87	1.60
1920.....	\$15,437,983.88	1.75
1921.....	\$17,431,558.85	2.10
1922.....	\$14,617,163.08	2.00

The above totals include amounts of State, County Taxes, and also Special District and City and Town Taxes levied for all purposes since statehood, taken from the last Biennial Report of the State Tax Commission

EDITORIAL COMMENT

WATCH THE BUDGETS AND ECONOMIZE

The time is at hand when the various estimates of county, school district, town and city boards, are to be prepared as the basis of proposed requirements and authorized expenditures thereof for the fiscal year which commences July 1, 1923. The readers of the Magazine may be surprised to learn that the budgets upon which county, school district, city and town taxes are based have their origin in five hundred and forty-five agencies of the state. In other words public boards to that number have a "finger in the pie," of estimating the entire amount which taxpayers will be compelled to pay through direct taxes, before discharging obligations due to the county, the town or city in which that taxpayer may reside or have property, and the school district or districts in which his property lies for taxation purposes.

Of course the main budgets are those prepared through the direct action of the boards of supervisors of the fourteen counties, and by the town and city officers of the thirty cities and towns of the state. In fact for the year 1922, the general county taxes of the entire state amounted to \$6,530,067.75, and the total taxes for city and town purposes amounted to \$1,987,412.49. These figures do not represent the entire expenditures authorized by the budgets of that year, as there must be added thereto the amounts received "from other sources of revenues," the amounts of unexpended balances which may have been considered as available for the purposes of that year, and from that entire aggregate there should be deducted any remaining unincumbered balances which remain after taking care of the public bills contracted during the past year. So far as the general common school funds, now including high schools, of the counties became a subject for tax levy upon all property assessed upon the entire roll of each county, those amounts are included in the above figures given as the aggregate of county taxes.

Over 500 Chances to Reduce Budgets and Public Expenditures of schools in Arizona

In addition to the above, there are over four hundred and eighty-seven

school districts in the state. Each school board may propose special taxes for funds by each deemed necessary in addition to the amounts distributed to their particular district from the state school fund and from the county school funds, to meet the requirements of particular schools and school districts. In 1922, these four hundred and eighty-seven boards deemed it necessary to raise \$2,366,374.26 through special district taxes. When it is remembered that the tax rolls of the counties for that year provided for the sum of \$1,707,414.48 for the common schools, these special school district levies by adding \$2,266,374.26 thereto more than doubled the taxes actually found upon the county rolls for school purposes.

What is said as to above figures does not take into account the state taxes raised as a part of the state tax rates appearing upon the same rolls. It does mean, however, that with power so to do, some large portion out of the entire four hundred and eighty-seven school boards, deemed it necessary to add amounts which in the aggregate called for \$2,266,374.26 more taxes. This fact again brings into mind the question of a more generally controlled unit system for the common and high schools of the state. On the one side is the budget report of the county school superintendent, which includes enough to at least furnish uniform maintenance of the schools in the various school districts of each county. The budgets of that officer are governed by legislative words which require an apportionment of not less than certain amounts per capita, of not less than enough to pay a minimum salary to each teacher, and to provide at least one teacher for each school for every thirty-eight pupils in daily average attendance during the past year, with ten per cent added to all of the above for contingencies and increased attendance. On the other side, the fact remains that while a uniform system of text books is furnished by the state to all its schools, the real uniformity as to educational facilities seems to stop right there, and authority has been given four hundred and eighty-seven boards to use their discretion as to what facilities are to be provided in their particular districts, not

in common with what a uniform distribution of school funds will provide. The result appears in the extra special district levies which aggregate \$2,366,374.26, which appear in the taxes for the year 1922. This amounts to more than one-fourth of the entire county taxes for all purposes for that year.

It is not the purpose of this article to say whether or not all or any of this large aggregate of special school district taxes was raised for purposes actually indispensable to success of the schools which enjoyed portions thereof. The real purpose of calling attention to this aggregate of over \$2,300,000.00 is to bring home to the school boards which have asked for special levies in the past, the necessity of greater care in the matter of asking for similar special levies in the future. It is to be assumed that every school board of every district in the state fully appreciates the real necessity of economy. And so, just as in the past a little extra expense here, and a little more expense there, in connection with the operation of the schools, have all tended to bring the total of special levies from an aggregate of \$574,894.41, in 1913, up to \$2,366,374.26 in 1922, a reverse action is necessary if any real reduction is made in the cost of common schools. Of course it is easier to spend money than it is to save it. But when the entire public demands rigid economy. A demand which includes an elimination of every unnecessary expenditure for any public purpose, whether connected with the schools or any other public activity. That demand can not be satisfied unless each and every one of the four hundred and eighty-seven school boards of the state put a rule measuring real necessity alongside of every proposed expenditure for school purposes which if that expenditure is finally authorized will require a large special school district levy.

Some Urgent Necessity Should Exist to Warrant Special District Levies for Maintenance of schools

Unless the state legislature is wrong. Unless it has provided insufficient funds through state and county funds raised

for common distribution to the schools of the state according to daily average attendance in such schools. Unless the legislative attempts to make provision for uniformity in the common schools of the state have been unsuccessful, it appears at first impression that more or less of the "special district" levies for school purposes, are for extras. It is up to each school board to see to it that no unnecessary extras appear in the budgets which are submitted to the county superintendents of their respective counties. No one else knows what these extras may be. The boards know, and can eliminate them. This process of elimination will be the one means of an effective lessening of tax burdens in connection with the maintenance of the schools of this state.

Budget Officers Can Prune Out Small Items and Thus Effect a Total Saving of Large Amounts

What is said above as to schools, applies equally to every other board which has the power to provide a budget as the basis for authorized expenditures of funds to be finally supplied through taxation. The efforts of every such board, if their real aim is towards a lessening of taxes, should be one of strict scrutiny of every item for which it is proposed to raise money. It should no longer be a question of "how much did we raise last year" for this, that, or the other purpose. The experience of the past has been that following the precedents of preceding years, somehow or the other has resulted in doubling and tripling the taxes after several years. Does the county need it? Can the public afford to pay

for it now? Can it be dispensed with? These are questions to be asked and answered in connection with every proposed public expenditure, the making of which lies in the discretion of the governing boards or bodies of our counties, cities and towns.

Declarations of intent to economize in the matter of public expenditures have no effect. It is the old proposition that actions speak plainer than words, when it becomes necessary to so act as to save the taxpayers every dollar which can be saved. No one can act but public officials in charge. The taxpayers must get their relief through the acts of such bodies. Economy is the prevailing request of the taxpayers of today. It is up to the framers of budgets to grant or deny that request by economizing in appropriations as the basis of taxation.

Borrowing on the Future or Issuing Public Bonds for Present Expenditure and Future Payment

A good credit is the greatest asset which a business man can acquire. An abused credit is the worst burden which can be assumed. The idea of borrowing money to anticipate already in sight returns in business ventures is an idea almost indispensable to commercial activities. Borrowing money because your credit is good, and investing that money in speculative ventures is no more and no less than a bid for bankruptcy in the future. A private individual engaged in business, thinks that some new venture will produce a sure profit. He needs more ready money than his present business can produce. He goes to his banker. He asks for a loan. It has been the experience of the past, of the present, and probably of the future, that the first question which the banker will ask, is "what are you going to do with the money." And thereafter the real soundness of the proposed venture is discussed and weighed. The applicant for the loan advances all his hopes for profits, the banker in a cool business like manner looks to the future, and unless it can be seen that the venture is almost sure to produce profit, or at least produce enough to insure the payment of the proposed loan, that loan is not made. The rules of private business are against the use of credit for speculative purposes, no matter how good the credit of the person applying for a loan for speculative purposes may be. The exception to that rule may be when the applicant for a loan offers abundant security. Then the question becomes one

in which the matter of credit is more or less subordinated to the matter of security, and a loan is made or refused accordingly. And even then the loan is many times refused for no reason at all than that the applicant has a reputation of being property poor and unable to meet interest payments. He has used the value of his property to make loans beyond the income producing power of that property to meet the interest upon those loans. Thus the individual has so abused his credit until, regardless of the value of his assets, that credit has been destroyed.

Or again, the same individual may start with almost unlimited credit, with an apparently growing business, and in an effort towards expansion borrows too much, and from so doing meets financial disaster. Too late that man realizes that the line between conservative progress to a successful business future and attempted undue expansion, is the line which furnishes a snare and enmeshes him in financial difficulties from which there is no escape. His success or his failure may mean little or it may mean much to the particular community in which he has acted. The object lesson of his experience becomes an asset to that community as a guide to future aspirants for business success.

If Public Funds Are Raised Sufficient For Present Needs the Future Can Take Care of Its Requirements as Fully as Do the Taxpayers of Today

The public of today is acting upon an

idea of future expansion. It starts with an almost unlimited credit. Its public bonds, which are no less than first mortgages upon all the assets of a state, a county, city, school district, irrigation district, and numerous other districts which have been clothed with the power to issue public bonds, are primarily so amply secured as to entice bond buyers. The public bonds for its public buildings. The school districts bond for their school houses. Irrigation districts bond to install plants. And so on down the line. Too often a bond issue is larger, and its particular project beyond any present need of the bond issuing community. For instance, a new water works is proposed to meet the requirements of a city of say, thirty thousand people. The plan more often than otherwise includes an expenditure for works which will supply a city of one hundred thousand people. There may be a new high school building proposed through bond issue. The real present enrollment of the particular school may be one hundred pupils. The bonds are issued to cover a building which will accommodate two, three, or maybe four times that number. Public credit is used for extensive public improvements, public highways, special street improvements, extra lighting, extra this, that and the other luxury at public cost for future payment through installment payment of bond issues. The extra large public buildings, school, or water works system is an example of anticipated expansion. Without regard to any actual expansion, the present pub-

lic are carrying an abnormal load in taxes for bond interest and bond redemption funds, in every such case. The interest must be paid. The sinking fund to pay the principal of bonds must be raised every year. The bondholder must have the money whether the community expands or whether it does not. If an epidemic of street paving strikes a community, then it seems that every street must be paved. All on public credit, for future payment.

Loconically, some one said about the present installment plan connected with sales of luxuries for household purposes, "It is nothing but perpetual motion, a dollar down, and a dollar per week forever." Some of the purposes for which public bond issues are voted, in their amounts, and under the light of inspection as to real necessity, those issues are no more and no less than not to be presently afforded public luxuries. The present taxpayers assume a continued burden beyond their real ability to pay, and that burden passes on to posterity, to be finally met and liquidated.

If the Present Public Leaves Futurity Free From Bonded Public Debts It Will Do More For Future Prosperity Than Presently Attempting to Provide For All Future Public Needs Through Bond Issues

If the present generation of taxpayers are in fact assuming too great and too excessive burdens through bond issues in excess of present necessities. If the present public is attempting to provide for a future expansion in public needs, it is not using conservative, but is using speculative, tactics. It is unduly assuming burdens for today, passed on into the future, and in many cases will leave the future public to pay for "dead horses," through leaving public debts to be paid long after the so-called public improvements, for which those bonds were issued have become obsolete and out of date, or so depreciated as to be of no useful value.

The idea of "credit" has become an expansive one. The solidity of the family purse as it existed in the earlier day of our fathers under a "pay as you go" plan, or "go without" has been discarded by the present age. Today a person can buy almost anything upon the installment plan. From the house they live in, the clothes they wear, the furnishings of the house, and the automobile they ride in, the rule of credit to wage earners applies at the outset. The individual can pledge his credit to the full extent of his earnings when he buys. The rub comes when payments are called for. With such a habit of us-

ing installment plan features for private matters, it is not strange that its duplicate is found in public affairs. That duplicate is in public bond issues. The public finds that its normal tax rate is high and burdensome. Some element of the public desires an expanded improvement of some sort or other. True it is, it cannot be paid for this year or next, but the project can be financed through bond issue, and the payments will be easy. The fallacy of saying the payments will be easy, is self-proved. With the normal individual income practically mortgaged for months in advance for private installment purchases. Added there to the steady drain of annual taxes, which have constantly increased year by year. Also added thereto the installment feature of interest upon public bonds and installments upon principal, due each year, the public find that they are really working for the other fellow. The normal income is pledged before it is an income.

Under the present day plan of indulging in the use of credit to the utmost, private individuals, and the whole public as well, will find that the excessive luxuries of today will leave the dregs of drudgery and disappointment for the future, as one of the irresistible results of cause and effect.

An examination of the bonded indebtedness in Arizona shows that strictly state bonds outstanding amount to \$1,810,972.43. The latest available figures show a total bonded indebtedness of the counties, amounting to \$41,485,322.38.

The last bi-ennial report of the state tax commission shows a total of county taxes including special district taxes amounting to \$8,896,442.01. That same report shows that 24.89 per cent of these county and special district taxes, substantially one-fourth of the whole total, was for the payment of interest and redemption of bonds. This means, that no matter how alert the county officials may be towards reducing the expenditures for the maintenance of county offices, for the support of the schools, for county highways and their maintenance, every such effort at present economy and for future savings of public funds, is handicapped at the outset by a continued drag of twenty-five per cent of the necessary total, to be constantly raised for payment of interest and principal upon bond issues.

The total outstanding bonds of the state and its counties when Arizona became a state was \$8,290,309.00. This amount has been increased to a total of \$43,296,294.81. An increase of five hundred and thirty per cent. Or to put the increase in another way, the bonded

indebtedness of the state and its counties has more than doubled every two years since statehood.

Bond Issues Result Not Only in Extra Taxes For Interest and Principal, But an Extra Burden of Maintaining Projects Constructed With Borrowed Money

The increased taxes which are incident to increased bond issues and required to be raised for interest and principal of such bonds, does not represent the entire burden of taxation increased through the results of bond issues. The greater portion of those bonds were issued for highway construction. Several millions of dollars of federal aid highway funds were added to these bonds raised funds for highway construction. The burden of maintaining and repairing all such highways is a burden to be met through some form of taxation. The burden of such repairs and maintenance is one which is just as sacred as the payment of interest and principal upon bond issues. Unless this burden is taken care of, the highways will go into a state of worthlessness long before the bonds issued for their construction has been taken care of. Unless that burden of repair and maintenance of every public improvement, presently made with bond raised funds is well carried, then such improvements will become worthless, and the future public will be paying for "dead horses."

The people of Arizona are for advancement, progress and prosperity of a permanent character. But in the light of the actual situation as pertains to bond issues and the public burden incident to carrying on under the expenses of those issues, it is extremely doubtful if additional prosperity can come through additional bond issue. Until such time as the tangible wealth of Arizona has a producing power which will result in general profit to the owners of that property, with that profit one which will come after all tax burdens have been met and paid, this Magazine believes that the public should go slow before it authorizes further bond issues. The whole situation resolves itself into the question of whether the profit producing power of the taxable wealth of Arizona has increased five and one-half times what it was at statehood. The people have used the public credit and increased the public indebtedness in about that proportion, and unless the profits to the public from what use has been made of bond raised funds has been some where near to that increased amount of indebtedness, then it seems that the expansion of indebtedness has

increased beyond the expansion of the real producing wealth of the property of the state. If this is so, then it behooves the people to go slow before using more of its credit in borrowing more money for further improvement. If the improvements already made will contribute to the actual wealth of the state, and will make it easier for its citizens to earn and pay tax burdens which have resulted from bond issues to make these improvements, let the public "round-up" a little upon that investment of borrowed money, realize a little of the profits thereof if any, before taking it for granted that such profits really exist, and before it continues to pledge the public credit, spend the money, increase the permanent burden of taxation for interest and redemption funds upon bonds. Paper profits are one thing. Actual profits still another. The public of Arizona, overburdened with taxation really desires to see a profit from the bond money already expended, at least should see it, before going into new schemes which require still further bonded indebtedness.

It is about time for the taxpaying public to realize that it cannot undertake every possible activity, which is possible only through public bond issues. The time has come to say "no" to further proposals for bond issues. The time has come to play a waiting game, and continue that style of a game until through public improvements already made, it has been demonstrated that those improvements actually render it easier to carry the extra burden of taxation upon bond issues to make those improvements.

If the Public Borrows Money Is Should Be For Purposes Which Will be Productive to Returns in actual Benefits equalling Cost of Borrowing

No one ever got rich borrowing money and paying interest thereon. If borrowed money is ever an asset which contributes to increased wealth of the borrower, it is for reason of the direct results derived from the use of the money borrowed. A business man seeks to make his loans pay for themselves. The public should attempt to do likewise.

Certainly the public should do so at times when it cannot afford to pay interest in addition to other public burdens, for projects which have no presently productive attributes, or returns to the public.

The public will do well to examine with a careful scrutiny all new proposals which involve bond issues. That same public will go a long ways towards reducing tax burdens, if it says "NO" to every such proposition which does not appear likely to bring almost immediate results in the way of added wealth, taxable and actually able to pay taxes, or help pay them, without long years of waiting for possible results.

It is well enough to plan for the future. But the safest planning is to plan for the necessities of today, and leave the future unhampered with continued burdens from the past, to do likewise. In a measure, the present public, should let the future take care of itself, it is not doing this when it presently exhausts public credit through bond issues to be paid in the future.

The Increase in State and County Taxes Since 1913

The figures which relate to the amount of taxes for all purposes since statehood, which appear in this issue are taken from the sixth biennial report of the state tax commission. This report is a public record, and contains the details which go to make up the totals of taxes as presented by tables referred to. The first three years shown by the tables show what may be a normal increase in the amount of taxes for state purposes, and the same as to taxes for

general fund purposes of the counties. Commencing with the years 1916 and 1917, the state taxes for common school purposes commenced to increase. The special appropriations for highways and bridges also increased. Special district taxes, under the laws permitting taxation by such special districts, also commenced to increase. From 1916 on, regardless of substantial increases in the amount of the assessed valuation of the taxable property in the state, the aver-

age rate of taxation per hundred remained about the same. The more property in value, upon which to raise taxes, seemed to call for more expenditures of public money. The increases made during the first period of statehood, may be explained by saying that the new state was trying itself out. It had new offices, fees of office were abolished as a means of paying salaries, and the essential offices
(Continued on Page Six)

SUMMARY OF TAXES FOR ALL PURPOSES —COMPARATIVE STATEMENT —1913 TO 1922, INCLUSIVE							
	Final Net Valuation	Total State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes All Purposes	Av. Tax Rate Per \$100 Val.
1913	\$375,862,414.66	\$1,860,518.95	\$2,557,517.87	\$ 574,894.41	\$ 557,371.75	\$ 5,550,302.98	1.505
1914	407,267,393.11	1,812,339.89	2,545,564.84	679,472.16	721,967.69	5,759,344.58	1.408
1915	420,532,411.90	2,270,875.02	2,992,595.58	786,034.97	774,180.49	6,823,686.06	1.6215
1916	486,406,518.50	1,945,626.07	3,099,301.45	837,966.46	857,048.47	6,739,942.45	1.4039
1917	697,526,619.68	3,731,767.41	3,551,816.92	1,191,870.15	1,087,486.65	9,562,941.13	1.371
1918	834,020,532.22	3,252,680.08	4,172,973.05	1,294,684.51	1,279,571.88	9,999,909.52	1.199
1919	855,224,720.93	5,131,348.32	5,026,881.62	2,065,102.37	1,445,260.56	13,668,592.87	1.60
1920	884,455,682.50	4,201,164.42	6,073,479.64	3,279,492.76	1,883,847.06	15,437,983.88	1.75
1921	830,536,582.00	6,062,917.04	6,894,955.01	2,535,725.85	1,937,060.95	17,431,558.85	2.10
1922	732,021,286.00	3,733,308.58	6,530,067.75	2,366,374.26	1,987,412.49	14,617,163.08	2.00

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The Increase in State and County Taxes

(Continued From Page FIVE)

with the expenses of operating the same, had been transferred from burdens prior to statehood borne in part by the United States, to burdens to be paid entirely by the taxpaying public of Arizona.

The total assessed valuation of the state for the year 1913 was \$375,862,-414.66. This valuation increased to the maximum amount of \$884,455,682.00 in 1920, and dropped back to \$732,021,-286.00 in 1922. Yet the average tax rate per hundred of valuation was only \$1.505 for the year 1913, and with an increased valuation from \$375,862,-414.66 in 1913 to the \$884,455,682.00 in 1920, the tax average rate for the latter year was \$1.75 per hundred of valuation. This comparison shows an actual increase of twenty-five cents per hundred in the rate. Shows that extra rate assessed against property assessed at over two and one-third times the value of property for taxation purposes in 1913. The amount produced for public expenditure through taxation for the year 1913 was \$5,550,302.98 as compared with the sum of \$15,437,983.88 produced in 1920.

It is true that the total amount of taxes raised for the year 1922 was \$14,-617,163.08, as compared with the \$17,-431,558.85 for the previous year. Yet even this apparent reduction, still left an average tax rate of \$2.00 per hun-

dred of valuation to be levied upon \$732,021,286.00 of assessed valuation of property for year 1922, as compared with a rate of \$1.505 levied upon \$375,-862,414.66 for year 1913. In other words, the expenditures of tax raised funds have increased by over nine millions of dollars in the state since statehood. The increased amounts for common school purposes, added to increased amounts for highways and bridges, also added to increased amounts for use of the University and Normal schools, does not account for this increase.

There may have been an over-expenditure in school funds. The state and its counties may have gone to extremes in making provisions for highway construction. But in event all of these excesses are discovered and economical remedies applied, there still remains an increased taxation fund of several millions of dollars to be delt with in such manner that all over-expenditures, all unnecessary expenditures, all useless and obsolete offices, be eliminated where possible.

In other words, it may be that the ship of state has several big leaks which can be discovered and plugged up. It seems to be leaking in numerous places, and search must be made for each such

leak, if the ship be again placed upon an even keel for economical sailing.

The county budgets for a new year are about due. The same with city and town budgets. The officers of each have a duty to perform in the interests of their constituency of taxpayers. It is their duty to go over the whole list of present activities, calling for public money for their support, and to look carefully for "leaks." To follow that looking with such action as will stop those leaks where it can be done. It may be found necessary to cast overboard some dead cargo or useless ballast. It may be necessary to trim sails, and lessen the crews in charge. But the ordinary taxpayer is always asking the question of why it costs so much more to run the state than it used to cost, and taxpayers in general will not be satisfied until they are shown some real necessity underlying every item of proposed expenditure of public funds. The sooner public officials realize that fact, the quicker they in turn will be able to have real reasons of public necessity to advance in support of every item of expenditure placed in budgets which are presently forthcoming for a new fiscal year.

OUR CHAOTIC SYSTEM OF TAXATION

The world is nothing for advancement, except it advance in the light of the experience of the past. The public has made mistakes in the past and will probably continue to do so, temporarily at least. The growth of the power to tax, the increased number of public taxing bodies, the multiplied numbers of so-called public purposes for which taxes can now be raised, may each and all have something to do with the present high taxes which confronts every state, every city, town, and county of the whole United States, to say nothing of the increases in Federal taxes, which altogether add to the perplexities of our business men, when considering ways and means of raising the money to pay income, license, and direct taxes, of all kinds, and for all public purposes to which taxpayers are required to directly contribute.

The seriousness of the taxation question is not a local one. The high taxes in one place directly or indirectly affect another locality. If high taxes prevail in distinctly manufacturing towns and cities, the consuming public of what is there manufactured, indirectly contrib-

ute to the payment of that tax. All this upon the theory and fact, that taxes of whatever kind or nature are expense burdens of industrial and commercial transactions, and must be considered as such in fixing sales prices.

So it is that every citizen is interested in giving attention to the troubles of his neighbor, whether that neighbor is next door, or in some adjoining state, when those troubles concern the mutually interesting topic of high taxes and how they may be remedied. It is often the case that men of wide experience and comprehensive knowledge will not truly express themselves upon public questions. They will not say what they think for reason of a false policy or fear of "brushing the feathers the wrong way" and so making an unknown enemy. It is so much easier to fall in with the present crowd and boost to spend money, and thus create new public offices to be filled with new officers, to advocate new public improvements, that the public money to be expended thereon will be put in circulation, regardless of how heavy will be the burden of repaying that money when public bond interest

and principal comes due and must be paid.

No doubt it is that the surgeon regrets the necessity of scaring a beautiful face to perform an operation necessary to preserve the life of his patient. Yet he must do it. Even the advice of the surgeon is not always taken. It is not so long ago that a world renowned famous stage beauty—her name is not material—refused to submit to an operation which would have saved her life, but ruined to some extent her beauty. If the public seeks a remedy for high taxes, if it really desires more economy as connected with raising and expending public funds, then that public must either use the knife or suffer a continuation of the disease of over—expenditure of public funds.

If the public as a whole knows what should be done to effect economy and does not do it, the penalty is its own. It must still continue to pay the cost, no matter what that cost is. But assuming that the question of how to afford a remedy is a more or less open question, the details of which are to be worked out, then the public is certainly interested in every honest suggestion whether it follows that suggestion or not.

At first blush, there would seem to be nothing of interest to the members of a state bar association which would bring about an address upon a subject entitled as above in this article. But questions of taxation concern every member of the public, concern every business, every commercial activity, and every profession. If high taxes have tended to retard a return to prosperity, that fact alone concerns all classes of citizens. This must have been the line of reasoning which brought forth an address by the Honorable Elias Gates, president of the Tennessee State Bar Association, when as president he spoke to the association upon tax matters. What he said emphasises the fact that he had the courage of his convictions, and spoke right out to the points as he saw them. The Magazine quotes some of his address. Its readers will be interested in how he expressed himself, even though those readers may not concur in all that was said. The Magazine quotes from his annual address as follows:

"The federal government and state government, as independent sovereigns functioning in their respective capacities, and the minor agencies—the counties and municipalities, busily engaged and vying with each other in wild orges of extravagance in their expenditures—seek to adjust income to expenditures, seemingly unmindful that ex-

pensitures ought to be adjusted to income. Each of these agencies pursues its own course and way, acting independently and in utter disregard of what the others may be undertaking, each seeking to accomplish its own ambitious projects and with rash inconsideration of what the others are doing; and yet, while theoretically each is operating in its own sphere, nevertheless the members of one body politic are part of each one of those other bodies politic. * * *

"But not content that the sovereigns,—that is, the federal and state governments—and the agencies of the latter—namely, the counties and municipalities,—are exercising the power of taxation, it is now the habit of the states to indulge in the creation of minor satellites, the specially created boards of districts, improvement, road, street, levee, irrigation, reclamation, drainage, and maybe others that I have unintentionally overlooked,—each undertaking to accomplish the object of its creation by the levy of special assessments, without limit and without stint, even unto the point of confiscation, if we are to give credence to the reports of the conditions prevailing in this behalf in one of our great commonwealths.

Each government and governmental agency now acts independently of the other, levying and measuring its taxes by its expenditures, and not by the hardship or burden that the cumulative taxes of all assessing agencies may load upon the taxpayer. Each government and its agencies seem possessed of diabolical ingenuity in devising ways and means and objects of taxation. * * *

Undeniably, the seriousness of the situation is intensified by the incessantly increasing rate of taxation. Nor are the augmented taxes of much avail, for disbursements constantly outrun receipts. Our plight is deplorable. The fruits of the tax levies are anticipated long in advance of their collection, and overdrafts have displaced balances. We exhaust the present and disable the future. Egotistically and in a spirit of selfishness we assume that the civilization of to-day marks the ultimateness of progress, and that in fulfilling and satisfying our needs and requirements, we have anticipated and met those of the coming generations. In an endeavor to carry on, the present borrows from posterity with small purpose of meeting its obligations, and invites and sanctions bond issue upon bond issue, mortgage upon mortgage, pledging the present and chaining the future, until even all eternity, with the aid of our venerable friend Diogenes, will be unable to

find a vestige of an equity of redemption. * * *

We have reviewed, we have criticized. We have condemned. Well may you ask. Is there no relief? Is there no cure? Is there no panacea? Those questions, only the days to come can answer. There will be no surcease, no staying of the onward march of the disease, until there is a restoration to sanity in the administration of public affairs and public finances, a realization that expenditures must be fitted to the income, and the development of a spirit of denial in government, as well as in private affairs. There must be retrenchment and an elimination of duplication of effort, of waste, and of extravagance. There must be a recognition that the principle of thrift is a virtue that is as vital to the well-being and the success of governmental undertakings as of individual ambitions. There must be ingrained in the public mind the fixed determination to abandon their present evils, and in a spirit of reform to adopt as a policy that the undertaking of all projects, and the imposition of taxes to accomplish the same, shall be fitted to the ability of the individual to meet and discharge the same—not that the individual shall be whipped into meeting the same, regardless of the hardship which it may impose upon him. * * *

"We must no longer listen to the sophistry of those who argue that ability to undertake and to accomplish is measured by the ability to mortgage, forgetful that the bequest of the burden must necessarily handicap the future in its ambition to attain and realize its ideals; for the present is blind that cannot and does not see that the future will be equally ambitious.

Apart from the inculcation of this homely philosophy of Poor Richard, order must be brought out of chaos. We must develop co-ordination between nation, state, county and municipality. Independence of action must yield to co-ordination. No longer should each be permitted to pursue its uncontrolled way. There should be abolition of four or more taxing agencies, and their consolidation into one, so that the taxes levied shall be proportioned to the ability of the taxpayer to pay and discharge his governmental obligations, rather from the present viewpoint of governmental requirements and demands.

That this can be accomplished in a day is not reasonably to be anticipated, but then it is true that no great reform was ever brought to pass quickly. Each of the amendments to the constitution,

from the 13th to the 19th, inclusive, is the fruit of decades of agitation, and when once the people awoken to a full

realization that we invite disaster if we continue in our present reckless, heedless, foolhardy, and chaotic methods of

raising money for governmental purposes there will be added another amendment to the constitution."

QUESTIONS AND ANSWERS

Do taxpayers have any chance to be heard as to amounts which are to be raised for city and county expenditures, and if so, when and where.

The Magazine is glad of an opportunity to answer the above question. And that it may be answered fully, is giving a quotation from the civil code which covers the whole subject, except that the use of the words **"at least thirty days prior to the date on which the annual tax levy is made,"** requires an explanation to the effect that this levy is made on the **third Monday in August** for the counties. So that August 20, 1923 is the date from which the other dates and times mentioned in the law quoted below are fixed. **This makes the day of hearing** at which persons interested may appear and be heard as to proposed county estimates, fall on Monday, August 13, 1923. With this explanation the law is as follows:

"It shall be the duty of the board of supervisors of each county, and the city or town council or other governing body of each incorporated city or town in this state, not less than thirty (30) days prior to the date on which the regular annual tax levy is made, to prepare a statement covering the items and details of purposes of expenditures made for the fiscal year last past and as included in the adopted estimates for expenditures of that year with a statement which will also show contingent claims, encumbrances upon funds if any, balances of funds, and to be otherwise a full and complete statement of the financial affairs of the previous year; and to connect therewith an estimate of the different amounts which may be required to meet the public expense for the ensuing year, therein fixing amounts

proposed for all subjects which are recurring items of expense, with such an amount of contingency or emergency expenses as may occur, but which cannot be anticipated in advance. The said estimate shall contain a statement of the amount of money required for each item of expenditure necessary for county, city or town purposes, together with the amounts necessary to pay the interest and principal of the county, city, or town bonds, as provided by law, and the items and amounts of every special levy by law provided to be assessed, levied and collected upon the tax rolls of each year, and the said estimate shall be entered upon the minutes of the board, council or commission. Such estimates shall be fully itemized, showing under separate heads the amounts proposed as to be required for each department, public office, and public official, for each public improvement, for the maintenance of each public building, structure or institution, and for each school, and the salary of each public officer, and shall show amounts proposed for the maintenance of public highways, roads, streets and bridges, and the construction, operation and maintenance of each public utility, and shall contain a full and complete disclosure and statement of the contemplated expenditures for the ensuing year, showing the amount proposed to be expended from each separate fund, and the total amount of proposed public expense, and shall enter the same on the minutes of the board with the estimates of the previous year. Said statement shall also contain a statement of the receipts for the previous year from sources other than direct property taxation and show the amounts actually levied and amounts actually collected for county, city, or town purposes upon the tax rolls

of the previous fiscal year and shall show the amount proposed to be raised by taxation upon the real and personal property of such county, city, or town, for each purpose for the said ensuing year. The total of amounts in such estimates proposed for expenditure shall not exceed by ten (10) per centum the aggregate of actual expenditures for the previous year exclusive of expenditures for school, bond, special assessment and district levy purposes. The form of such statements shall be furnished by the state tax commission, to comply with the requirements of this Act.

* * *

"It shall be the duty of boards of supervisors, city and town councils, or other governing bodies of incorporated cities and towns, to meet one week previous to the day on which they levy taxes, and at the time and place designated in said notice, when and where any taxpayer who may appear shall be heard in favor of or against any proposed expenditure or proposed tax levies. When such hearings shall have been concluded, such board of supervisors, city, or town council, or other governing body of incorporated cities and towns, shall adopt the estimate as finally determined upon, and which estimate shall become and be adopted, and no expenditure shall be made for a purpose not included in such budget, and no debt, obligation, or liability shall be incurred or created in any year in excess of the amounts specified therein as an amount proposed and finally adopted for each purpose therein named; nor beyond the amounts therein proposed and adopted to be raised by taxation, except when the other sources of revenue have been and are first received by the county, town, or city, as a means of liquidating such extra obligations and liabilities."

1c. Paid
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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME TEN

PHOENIX, ARIZONA, AUGUST, 1923

NUMBER EIGHT

TREND OF THE TIMES IS TOWARDS ECONOMY IN PUBLIC EXPENDITURES

It is with pleasure that an examination of some of the county estimates proposed as a basis of tax levy and for county expenditures, discloses some reductions in some counties, discloses also that the "limit" as to general and highway funds has not been used in other counties. This shows that county officers in some instances are doing what they can towards reduction of taxes. Their real field of operation in the way of reduced taxes is, however, a more or less limited one. With fixed county expenses, bond interest, and school funds outside the control of supervisors, the main subjects of county expenditures are by law immune from attempts at forced economy. The amounts of such items are more or less fixed and unchangeable. But the trend of the times is towards public economy. With active taxpayers' associations in eleven of the western states, all studying problems which are involved in a future tax reduction, it is only a question of time when bond issues will be limited to purposes which are absolutely indispensable to public needs. It is only a question of time when fad legislation, freak legislation, and legislation to meet the fancies of the few rather than the needs of the many will be stricken from among the activities of the states. When the people are educated to the fact that an effective government can exist and perform every necessary function of requirement for protection of property, life and liberties, and the well being of the people, and do so with many salutary and regulatory boards, offices, and commissions eliminated, then still greater strides will be made towards the desired economy.

Shifting of Funds Continues Without Regard to Budget And Other Laws

When Arizona became a state with its new offices, new departments, new commissions and other new officials incident to statehood, the required cost of state government may have been more or less involved in uncertainty. Each new activity entailed its own expense, many such activities were pioneer endeavors as to objects and public purposes to be accomplished. Hence it was that many new laws were enacted, containing what later became known as continuing appropriations, including appropriations "of so much as may be necessary payable from the general fund," to cover the expenses of conducting many of the state activities. Laws of this kind left it open as to how much money could be expended, and in many cases left it wholly in the discretion of public state officers as to the purposes for which public funds could be used.

The result of the foregoing situation was that the lines of activities of some departments, commissions, and state offices were increased, new purposes for activities constantly increased, there became wheels within wheels, departments within departments, each with its own improvised machinery for functioning, and with it all the total expenditures of the state were increased year by year. Taxpayers were facing a situation which on account of above conditions made taxation an exhausting drain upon their resources.

Budget Law and Other Laws Enacted for Express Purpose of Preventing Any Shifting of Funds

The situation finally resulted in an enactment of the "Budget Law," by the legislature in 1919, which law was supplemented by what was known as "Senate Bill No. 90," enacted by the same legislature and which intended to so regulate the disposition of state revenues as to prevent a misuse thereof by any officer, board, department, commission, or other state agency, and limiting the amount to be used for any purpose to the amount specially appropriated therefor, and prohibiting the use of any funds for any purpose outside of the specific purpose for which each appropriation was made. This legislation met with stumbling blocks when it came into force side by side with many as yet unrepealed "continuing appropriations," and unrepealed provisions of the code of state laws, "that so much as may be

necessary to carry out the provisions of this act is hereby appropriated out of the general fund." The result in some instances was to follow the provisions of the budget law, and of Senate Bill No. 90, above referred to, when those provisions did not prevent activities desired to be undertaken by some public officials. When, however, those provisions did interfere, the open appropriations of the old and unrepealed laws were resorted to as still amounting to "appropriations," and for authority to expend outside of specific appropriations so far as such specific appropriations were in fact made. It is not intended to charge that any officer actually intended to evade the force and effect of the legislation of 1919. The "Budget Law" and "Senate Bill No. 90" were not appropriation laws, the framers of those bills expected that the general appropriation bill would be so framed and would contain such specific appropriations, made to and for every necessary state purpose and object, that the whole matter would be rounded out so as to make the new laws effective. As usual since statehood, the general appropriation bill was held in abeyance during the 1919 session, and the bill when finally acted upon and passed was found to have made no provisions for any funds at all to several state activities, really necessary activities, and officials were compelled to make the best of the situation by resorting to the old laws, to either do so, or "close up shop." The result of this experience brought the "Financial Code" of the special session of 1922 into being.

Financial Code of State Completed Plan to Segregate Funds to Prevent Any Shifting From One Purpose to Another

That financial code paved the way for its operation by amending and repealing over one hundred and thirty acts and parts of acts, which contained the continuing appropriations and the "so much as necessary" appropriations. It then classified and standardized the objects and purposes for which appropriations should be made into six general heads. It provided that the item "salaries and wages," when used in an appropriation act shall include the compensation for personal services. The item "operation" when used in an appropriation act, shall include the expenditures incident to the conduct of

the office, maintenance of an institution or school. The item "travel" when used in an appropriation act shall include all charges and expenses necessarily incident to traveling on official business. The item "capital investment" when used in an appropriation act, shall be construed to include expenditures for visible tangible property of a non-consumable nature, all items of fixtures or apparatus, the enlargement or improvement of existing buildings (other than repairs), erection or construction of any new structure. The item "repairs and replacements" when used in an appropriation act, shall include expenditures for changes in existing buildings, structures or units of equipment not amounting to a substantial change of identity and not amounting to betterment."

Then the general appropriation bill of that year and for the present year, did follow the above classifications and headings, and for each office, department and state institution, did appropriate amounts to conform thereto.

But with the law quite plain it had come to light, that an automobile or two or three, have been purchased from "operation" funds for officers where the legislature has made appropriations for "repairs" and for "replacements," and for "capital investment" latter funds however, not carrying an appropriation large enough to make the purchase of the desired automobiles. The legislature made an appropriation for "Capitol Building and Grounds" and divided that appropriation into the above general classes, for repairs, capital investment and the like. Yet the Magazine is advised that extensive repairs are being made to the Capitol Building itself, and that the cost thereof is to be charged to "operation expenses" appropriated to various offices in the building. Thus effecting a "switching of funds" which is not warranted by law, and is in fact actually prohibited by law.

It is not so much the amounts involved in the cases above referred to, nor is it a question of whether the automobiles were actually needed, or new floors indispensable for the main halls of the Capitol Building. The matter is one of real principal. Under the existing laws the legislature made specific appropriations in specific amounts for specific purposes within the general classifications

as defined in the financial code. The legislature is the branch of the state government which makes the appropriations, and makes the laws controlling their use. Whatever may have been the old situation when the "so much as necessary" laws were still in effect, no longer continues. If the budget law, if Senate Bill No. 90, if the financial code, and appropriation laws made to conform to their requirements are in fact disregarded to meet the whims of administrative officers, then the situation is right back where it started. The taxpayers are deprived of the protection of laws intended for their protection.

If Funds Are In Fact Shifted, the Whole Purpose of Budget and Other Laws Will be Destroyed So Far As Being a Basis For Future Necessary Appropriations

Furthermore, the purpose of a budget law and other laws segregating and classifying appropriations and purposes of appropriations, is to furnish a basis for future appropriations. To become a key to the actual amounts required for each separate function of offices and departments. If administrative officers are permitted to shift expenditures which are, in fact, "capital investments," or in fact, "repairs and betterments" so that such expenditures become actual charges paid from operating expenses

of offices and departments other than the state purpose receiving the benefit of the expenditures actually made, then there will be a return to chaos. The advances made in ten years of legislation and so made that taxpayers may know how much and actually for what their tax money is necessary, will be of no avail.

Public sentiment is aroused and is flowing in a sweeping wave towards economy and in favor of laws restricting public expenditures that economy may result therefrom. When the time comes, and when that wave has reached its height, the will of the public must have its way and the result will be a sweeping from its course of all opposing influences, acts and practices.

Western States Taxpayers' Association

Representatives of taxpayers' associations of eleven western states at a recent meeting held in Salt Lake City, decided upon a permanent organization and adopted the name "Western States Taxpayers' Association." The states represented in the organization are Arizona, Colorado, California, Idaho, New Mexico, Nevada, Oregon, Utah, Wyoming, Washington and Montana. In these states there exists at present, state organizations, and the main purpose of the new organization is for greater publicity as to matters of common efforts of each, and to bring about a uniformity in tax laws, the consideration of any possible useless activities which at present entail an expenditure of public funds with no appreciable public benefit.

Those aims and purposes are to encourage among the western states, through the furtherance of mutual and concerted efforts the establishment of the greatest possible economy in the use of public funds that may be consistent with efficiency in all branches of government, whether it be state, county, city, or other municipal government.

The association in resolutions adopted at its first meeting, went on record as favoring a study of county centralized control of all the business of schools, urging the adoption of a uniform system of accounting as to all public funds, and urging the restriction of future bond issues; urging also the adoption of ef-

fective budget laws in such states as do not already have such laws.

In fact the aims and purposes of the new organization are so much similar to the aims and purposes which have been published and advocated by this Magazine and the Taxpayers' Association of Arizona, as to encourage the feeling that the policies of economy, of efficiency, and of control of public funds and their expenditure under rules of economy consistent with efficiency, which the Magazine has advocated for years will be given strength in the public mind, when brought home to the people of the states represented in the new organization, not only through the individual efforts of the Taxpayers' Associations of each, but through the united efforts of all organizations working to the same end under the new organization. The new organization is expected to become a general clearing house for thoughts and ideas which will broaden local efforts, and by so doing, strengthen locally in states, and collectively in all the states, the purposes which lie at the foundation of principles now advocated locally.

Each state which joined in the organization has a representative among the officers elected and appointed as follows:

Mr. Rudolph Kuchler, of Phoenix, Arizona, president.

Mr. W. Mont Ferry, of Salt Lake City, first vice president.

Mr. W. W. Robertson, of Spokane, sec-

ond vice president.

Mr. A. C. Rees, of Salt Lake City, secretary and treasurer, and through an executive committee consisting of Mr. Rudolph Kuchler, of Arizona; Mr. Bulkley Wells, of Colorado; Mr. C. N. Wooster, of California; Mr. E. C. Kierman, of Idaho; Mr. Norman B. Holter, of Montana; Mr. F. N. Fletcher, of Nevada; Mr. H. J. Hagerman, of New Mexico; Mr. Robert Smith, of Oregon; Mr. W. Mont Ferry, of Utah, and Mr. J. T. S. Lyle, of Washington.

The president of the new association, Mr. Rudolph Kuchler, has been an officer of the Arizona State Taxpayers' Association since its organization, and in that capacity and as a state officer in the meantime is well known to the readers of the Magazine. The other officers and members of the executive committee, are men well known in their respective states, as earnest workers for economy and tax reforms.

With officers such as above named, the new Western States Taxpayers' Association will undoubtedly become an important factor in demonstrating the needs for economy in the use of public money in governmental activities, and in pointing out the means and methods through which that economy can be brought about without decreased efficiency in government itself in the states represented.

The Urgency For Economy In Public Expenditures Is Becoming Universal

"A Prophet is without honor in his own country," so it is that many times the best ideas for public good have their origin in obscurity, burn with low energy, but with an never ceasing glow, until finally whole communities become enlightened to those ideas and begin to adopt them as their own. Such has been the history of many reform movements, which after years which have been years of uncertainty, finally flame out in such brilliancy as to carry a weight of a convinced majority to the culmination of successful and beneficial reforms. The public is slow to act. Slow to change the existing methods of doing things in which the whole public is concerned. Slow to being convinced that changes in those methods are necessary, but once fully convinced of that necessity, the public mind will finally become a unit in adopting the ways and means suitable to the necessary end. So it is with matters of and pertaining to public expenditures. Too long the general public has been satisfied to leave the matter of those expenditures almost wholly within the discretion of public officials. When it is said "too long", it is meant that the practice of leaving those expenditures to that discretion, has in part, at least, resulted in the enormously increased aggregate of public expenditures, to meet which the taxpayers find constantly increased demands for tax raised funds to foot the public bills.

Necessary reforms come through thought and expressions of men who study existing conditions, whose study and thought bring them to conclusions as to the reason for existing defects, and as to means for the elimination of those defects. The whole matter as connected with any desired reform, or change of methods, conducive to public good, is simply a matter of a more general understanding by the public. Simply a matter of education. Reforms in tax matters are no different than any other reform which becomes a requirement to meet public desires.

Thus, while this Magazine has advocated economy as a means of reducing public expenditures and decreasing tax burdens, and has done so for several years, it has seemed at times that its efforts have failed to find root in the public mind. It has seemed to face such a real indifference, as to be discouraging from time to time, but nevertheless, con-

scious that its ideas as to what must be done eventually, if tax burdens are finally brought to such a level that the general public can stand those burdens without distress, it has continued advocating its particular hobby of economy.

Of late the Magazine sees other beacon fires burning in other places. Just as the Indians of the early days in the west, signaled by smoke signals from distances afar, those signals which meant that distant bands were ready for united action to some common plan, just so it is gratifying to know that the people of other states are taking up the same text of and for public economy, and the best minds of public thinkers in those states are giving expression to what is wrong, and proposing remedies.

The question of an economical reduction of public expenditures to the end of tax reduction was one of the absorbing questions of the last session of the National Tax Association. It may be interesting to our readers to have before them some of the words of the speakers at that meeting, bearing directly upon the different phases of increased taxes and the causes thereof. Hence a few short quotations from what was there said, is given.

Mr. Douglas Sutherland, of the Civic Federation of Chicago there said, in part as follows:—

"The whole problem, it seems to me, lies in informing the taxpayer as to matters affecting him and organizing him for, if you please, his self-protection, and behind there must be a broadening of the base of direct taxation, so that as many voters as possible shall feel directly the burden of taxation, and therefore will apply their vote intelligently on that basis."

Senator Van Alstine of Iowa, spoke right back to the people when he said:—

"We all like the advantages that accrue to our community from the spending of public money, and as long as money was easy to get, we had little complaint about taxes. But when prosperity is no longer with us then the tax issue looms large. . . . The average citizen is reconciled to the idea that taxes must be paid; but he gives mighty little attention to whence they come or whither they go, until called upon to walk up and pay his tax bill. Then his interest is usually confined to its size, and his action to kicking about it—with his chin. . . .

We all know that any expense in the tax budget, whether the tax be collected directly or indirectly, must find its place somewhere, and sometime, in the individual citizens tax receipt. We also know that when any appreciable number of our people come to regard the luxuries and extravagancies of yesterday as the necessities of today, then those things become one of these super-official taxes the people are imposing upon themselves."

Tax Commissioner W. A. Hough of Indiana, after discussing the possibility of reducing the amounts expended, through the energies of citizens, acting under Indiana laws, said finally:—

"Every city ought to be run exactly as though it were a splendidly managed private business, and in order to do that the people who do not now take any interest in taxation must take interest in it, or this problem will overwhelm many of the municipalities of the United States today. There are some of them on the verge of bankruptcy. * * * You all have work to do. Business men, lawyers and doctors and others must have the subject explained to them so they will understand that a reduction in the value of their property will not in any way effect the amount of taxes which they pay, but that it all depends upon the amount of money which is expended... We have organizations all over our state seeking to bring down valuations that are placed upon particular classes of property... That will not help the situation... There is no help for it, excepting that help must come from every man who pays taxes... He must look into how the money is expended and see that it is not thrown away, and your officers need help. They cannot see that this is done, and they cannot control everything that is done. Thousands of dollars will be expended without anybody knowing about it, and we not only have to assist in paying the taxes, but we, as taxpayers, all over the United States, must assist in expending that money. The taxpayers of the United States have got to work here, and eat here too; they have got to be on the job in regard to national taxation and in regard to state taxation."

"Now it means a great deal to the taxpayers of the state to be able, in this sort of way, to regulate their expenditures; it arouses an interest in them;

it educates the taxpayer; teaches him something about the ways in which his money is being expended, and I think that the whole question of the education of the taxpayer is the most important one of all. I believe there are very few men, in any walk of life—bankers, lawyers, farmers—who are thoroughly

familiar with our taxing systems. They know that taxes are levied and must be paid, but how that money is expended, not one per cent of our citizens know."

Other quotations, from other prominent men, students of tax problems might be made, but space will not permit. It all trends the same way however. All

towards an education of the people. All towards the fact that directly or indirectly all citizens must ultimately contribute towards the amounts expended for public purposes. And finally to the fact that economy in the matter of such expenditures is the only remedy which will reduce tax burdens.

Should Public Bonds Be Tax Exempt

This Magazine in the past has confined its articles to such as in the main dealt with tax questions along the line of what taxes in amount must be levied to meet authorized public expenditures. Dealing with the question of economy in the matter of expenditures for public purposes as a means of reducing tax rates and tax burdens upon property which is assessed upon the tax rolls of the state.

There is a class of property which is not placed upon the tax rolls of Arizona, which comes under the head of public bonds.

The state constitution as it now reads says:

"Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall be exempt from taxation."

Following that exemption, there is outstanding bonds to the aggregate amount of over \$45,000,000.00 issued by the state, its counties, municipalities, and other subdivisions, which if held in Arizona, would not pay any portion of the amount necessary to support the state, county, city, town, school districts, and even irrigation districts, in which other property of the same owners would be assessed.

When securities issued by the public were issued "tax-exempt," the argument in favor of that policy was a saving in interest to the public. The experience which Arizona has had in connection with its county highway bond issues, and irrigation district bond issues, and with some issues of less size, is that the later issues have been six per cent bonds, and even with that rate of interest, various subterfuges, such as compensation to so-called "fiscal agents," expenses of preparing bonds, have been resorted to, which were no more or less than schemes to cover up sales of bonds at less than par value, with a result that the public is really paying current interest rates upon its bonds, by paying more than the stipulated interest rates upon the net amounts realized from bond

buyers. The same situation is true in other states, where the same class of securities are likewise exempted from taxation.

What is said of bonds issued under state authority, can also be said of bonds issued under authority of the United States, which are also exempted from taxes for state, county, city and other local purposes for which other classes of property are taxed.

Many of the best thinkers and financiers of the country, having in mind a course of action which will be of benefit to the whole country, have come to the front with suggestions that the fundamental laws of the nation and states be so amended that securities of the classes above mentioned be placed upon the public tax rolls. These thinkers include the late President of the United States, Warren G. Harding, and many representative men who assembled at the fifteenth annual conference of the National Tax Association held in September, 1922. The discussion in that conference circled around what is known as the "Green Resolution" recommended for passage by the ways and means committee of congress, which resolution, and the reasons for it, presented by that committee is as follows:

"Section 1. The United States shall have power to lay and collect taxes on income derived from securities issued, after the ratification of this article, by or under the authority of any state, but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of this article, by or under the authority of the United States or any other state.

"Sec. 2. Each state shall have power to lay and collect taxes on income derived by its residents from securities issued, after the ratification of this article, by or under the authority of the United States; but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of

this article, by or under the authority of such state."

The committee in its report very strongly condemns the present system of exemptions for the following cogent reasons:

"1. A large portion of property escapes taxation, thereby causing great loss of revenue.

"2. It violates the ability principle of taxation and unfairly discriminates between taxpayers.

"3. It impedes private financing.

"4. It discourages investment in new enterprises.

"5. It encourages extravagances in governmental agencies.

"6. It grants a private subsidy to certain interests.

"7. By withdrawing money from private enterprises it increases the rate of interest required for all enterprises not carried on by the government and thereby adds to the cost of living.

"8. It creates social unrest, and that the only practical remedy is by constitutional amendment such as proposed in the resolution offered by the committee."

The foregoing resolution seems to have followed on account of a message recommendation by the president to congress, in part as follows:

"Many of us belong to that school of thought which is hesitant about altering the fundamental law. I think our tax problems, the tendency of wealth to seek non-taxable investment, and the menacing increase of public debt, federal, state and municipal, all justify a proposal to change the constitution so as to end the issue of non-taxable bonds. No action can change the status of the many billions outstanding, but we can guard against future encouragement of capital's paralysis, while a halt in the growth of public indebtedness would be beneficial throughout our whole land."

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Questions and Answers

When a county has received an advance from the state under paragraph 5100 of Revised Statute, for the purpose of building bridges, has that county any authority to levy a direct county tax to raise money to repay that loan to the state, or is it the purpose of the law to repay the loan from the so-called "75 per cent" of state highway funds, as same become due the county from state highway funds?

Since statehood the amount of highway funds which could be raised in counties has been subject to the "ten per cent limit law" under which the amounts raised in any county for its general fund and highway funds, should not exceed by more than ten per cent the amount raised for those funds in the previous years. The legislature in 1913, finding that the counties could not build bridges necessary to their highways, within the limits of above provision, devised a means through which the state could loan from its general fund not to exceed the sum of twenty thousand dollars to any one county for the purpose of constructing one or more bridges in such county. The first law upon the subject of repayment of such loans provided, that:

"Whenever any moneys shall be re-

ceived in the state treasury to the credit of the seventy-five per cent of the state road tax fund belonging to such county, (referring to counties having made such loans), the state treasurer shall transfer the same from the said state road tax fund to the general fund of the state, and shall from time to time continue to make such transfers until the general fund shall be fully reimbursed, and the amount paid out of the general fund, pursuant to the provisions hereof, shall be fully repaid."

This provision required a repayment of bridge loans made by the state to the counties out of the first "seventy-five" per cent money due the latter from the state road tax fund. Its application, left borrowing counties without any of that seventy-five per cent available for new highways, until its loan was paid. So in 1915, (S. L. 1915, p. 118) the legislature amended the above quoted provision to the extent that only one-third of such loans should be repaid each year, with unpaid amounts drawing interest at the rate of five per cent, and leaving it optional with the county to repay at any time, the entire amount of its indebtedness. Again in 1922, the law was amended, by a provision that only one-sixth of the amounts of such loans be repaid, by charging same in that portion with interest to the seventy-five per cent portion of state road tax fund otherwise due the county. None of these amendments specifically change the method of repayment of these loans, leaving the seventy-five per cent portion due each loaning county from the state road tax fund as the means of such repayment. Still leaving it optional with any county to repay the whole amount from that portion if it so desired.

Aside from the above provisions, the counties have been provided by law with authority to "lay out, maintain, control and manage public roads, turnpikes, ferries and bridges within the county and levy such tax therefor as authorized by law." Also another provision, (Par. 5058 Revised Statutes), which provides for a tax for road purposes, and contains the express provision that:

"The property tax thus levied and collected shall be paid into the county treasury for the benefit of the public roads within the county and the money thus collected and otherwise received in said fund shall be, by the board of supervisors, expended in the improvement of the roads of the county."

Paragraph 2420 of Revised Statutes, designates what shall be the "expense of maintaining the government of any county," and thereby in connection with special new laws creating other ex-

penses, encompasses the whole law of the state, as to what may be paid out of the county general funds. There is nothing in the law which makes a "bridge loan" any charge against the "general funds" of a county. And as above shown, county highway funds, must be expended for the "improvement of roads of the county." There is an entire absence of any law specifically authorizing or directing a levy of any county tax to repay "bridge loans" made from the state. Nor is there any act of the legislature which has abolished the "seventy-five" county portions of the "state road tax fund," at all times in the legislative mind as the source of repayment of such loans. Consequently, and after the above somewhat extended discussion of the history of such loans, and of statutes which bear upon the question, the opinion is advanced that a county has no authority to undertake a levy of county taxes for the purpose of repaying any bridge loan made from the state.

Is there any penalty attached to the acts of state officers, boards, commissions and agencies, clothed with power to expend public money for public purposes, if those acts involve the use of money appropriated for one purpose, for other purposes?

Section 6, of Chapter 152, Session laws of 1919 contains a provision which reads:

"It shall be unlawful for any officer of this state, acting in his individual capacity, or as a member of any board, commission or department of the state, to enter into any contract, series of contracts, or otherwise act officially in such manner, that any state fund or portion thereof may as the result of such action, be used or applied for any purpose whatever other than the particular purpose of use mentioned in the appropriation law as being the purpose of each such fund."

The same act in Section 9, provides, that:

"Every act which is declared to be unlawful under the provisions of any section of this act, is declared to be an act of misdemeanor. Every officer who does any act so declared to be unlawful shall be guilty of a misdemeanor, and upon conviction thereof shall be punished under the provisions of the Penal Code applicable to such cases of misdemeanor. It shall be no defense to any such action that any person charged therein did not affirmatively contribute to the unlawful act or its results, such person must show that he objected thereto before the act of others with whom

he may have been acting in concert or in common was unlawful act of all."

When the above provisions are read in connection with provisions of the Financial Code, in which the purposes of appropriations are classified and standardized, the answer to the question

seems certain. That answer is that if an officer in sole charge of a fund, uses portions thereof for purposes other than the particular purpose for which such fund is appropriated, or when a board, commission, or department, comprised of more than one controlling member

does likewise, such acts are misdemeanors, on the part of the individual officer making the misapplication of funds, and on the part of each member of a joint board, commission, or state department, who does not actually object to such a misapplication of the funds of an appropriation under their control.

More Bond Issues Suggested To Match Federal Aid Highway Funds

It seems that it does not matter how many times the voters of the people of the state of Arizona say "NO" to propositions which involve amendments to the constitution which would permit of state bond issues, that question of bond issues arises again like Banquo's ghost. It is a dead issue but there are those among the people who do not seem to realize that fact.

The latest proposition finds its birth in Yuma. It is a proposition to so amend the state constitution as to permit a total bond issue of \$5,000,000.00 for the purpose of "matching" Federal aid funds in state highway construction. This proposal would mean \$250,000.00 per year for interest upon the bonds. Would mean another similar amount for redemption of the bonds. Would mean that the counties of the state would be called upon to maintain not only the highways constructed with the proceeds of the \$5,000,000.00 bond issue but those additional highways to be constructed with the Federal aid funds matched by the bond issue. This would all run into additional state taxes approximately of \$500,000.00 per year on account of the bond issue, and unless new provisions of law are made as to maintenance of the additional ten million dollars worth of highways, another \$500,000.00 would be taxed to maintain that system. It really makes no difference how this aggregate of \$1,000,000.00 per year is collected, whether as state tax, whether as county tax, or under some other form of revenue. The people will be called upon to pay. That call for at least an additional million for highway purposes will be continued for twenty to twenty-five years into the future. And in the meantime every county of the state will also be paying the interest upon present highway bond issues. Those counties will still be paying annual amounts towards redemption of county highway bond issues. All of this at a time when the taxpayers of the state are finding present tax burdens excessive, and at a

time when delinquencies in the collection of taxes due upon the tax rolls has repeatedly called for issues of "Tax Anticipation Bonds," drawing five, five and one-half or more rate per cent interest to meet the current expenses of the schools, the university and normal schools, and the operating expenses of the administration of state government.

The whole matter of highway fund finances is at present "up in the air." The last legislature provided for a three cent per gallon tax upon sales of gasoline. This fund was to go to the completion of certain joint state and federal projects already under way. The executive put a disapproval upon that three cent license tax. The attorney general advances an opinion that the veto was ineffective. The secretary of state appears to be acting as if the veto was effective. Litigation will be necessary to establish the real law. If the act as passed by the legislature was not effectively vetoed, and the three cents per gallon tax is collected, that will mean somewhere between \$400,000.00 and \$500,000.00 per year of additional highway funds, which will not be available in event the veto stands.

Some Persons Advocate Bond Issues For Future Payment and Oppose Laws Calling for Direct Contribution to Highway Purposes

There is one peculiar feature about the relation of advocates of more bond issues to the proposed three cent tax per gallon upon sales of gasoline. The proponents of more bond issues are among the element most loud in opposition to the three cent gasoline tax. They say that the consuming public cannot afford to pay this three cent tax. Yet it is true that with some forty-five thousand automobiles owned by the taxpayers of Arizona, at least three-fourths of the entire number of taxpayers own a car. They desire good roads and more of them. They are directly benefitted by such roads. If arguments in favor of more and more paved roads are correct, then

the saving to the owners of these forty-five thousand cars in the way of tires, wear and tear, and other depreciation as between their use upon paved and unpaved roads, and in saving of gas and oil, will amount to many times the interest, redemption, and maintenance funds, necessary in connection with bond issues. Let that be so as it is. Every car must be kept up, that takes cash money. Yet the same persons who would saddle millions of dollars of taxes on account of further bond issues and pass that burden upon the future public, unwittingly perhaps, would do so to save expense today, and will and do object to directly contributing today to the payment of what they are actually enjoying.

The whole proposition resolves itself into an answer to the question whether the present public can afford to incur the extra taxes which will be made through state bonds for more highways. On the one hand, the using public, those now enjoying present highways, and who will enjoy additional ones, frankly admit an inability to pay a direct tax of three cents per gallon as connected with actual use of the highways. They frankly admit the truth that they cannot afford to pay. Then with that admission what argument can they advance as to the present ability of the present tax-paying public in general, to borrow money, build more roads, and thereby assume a present and continued burden much larger than the gas tax would be.

That the Public Find Actual Profits From Present Bond-Built Roads Before Continuing to Bond Build and Speculate as to Real Profits

There has been a large amount of "building castles in the air," in connection with the promotion of bond issues. Those air castles are based upon the intangible and invisible benefit of luxurious roads, and magnificent public buildings and public works, embraced in an alleged to be benefit to the future. After nearly ten years of experience in bond issues for highway purposes, there are

still some persons who retain old-fashioned ideas of thrift. Some who still believe in making haste slowly. Some who would like to see how it all turns out, and who may be "from Missouri" in wanting to be shown how expensive bond issues with consequently increased taxes, has made it easier for them to pay their taxes thereby increased. There are still a large number of conservative people who believe in having a **round-up** once in a while to see whether there has been a profit or not. It may be all right to keep putting new wheat into the old hopper, but the good miller looks to the grist once in a while to see if there is flour enough to pay for the wheat. If not the wheels stop for investigation as to the trouble.

The proposal for the \$5,000,000.00 bond issue comes from Yuma. Yuma county today is staggering under a rate of one dollar and two cents per hundred of assessed valuation of the taxable property in that county on account of county bond issues, largely highway bonds. Will the taxpayers of that county welcome several cents more per hundred as a tax to carry still further bond issues, whether for state or county bonds?

This Magazine has consistently opposed additional bond issues for highway purposes under present conditions, except such issues as must follow the demands of extreme necessity. It opposed a \$2,500,000.00 issue proposed from Phoenix to Ehrenberg, for the reason of absence of necessity, and the fact that funds were nearly in hand to complete a state highway via Yuma into California, believing that the state could not at present afford two routes one of which would serve no local towns en route to the California line. That proposed issue was voted down by the people of the state.

Arizona Cannot Afford to "Match" Federal Dollars in all Congressional Schemes Calling For Such a Matching

It has become a fad for congress to propose some public purpose which requires the matching of "dollars" by the states to make congressional appropriations available in the states. In many cases these propositions are more or less lures to catch the legislatures and people into doing something which is not particularly needed. In the case of highway funds, so-called "federal aid funds," as the present law is applied to Arizona no state in the union of states

has more acres of public domain still within its borders than does Arizona. Miles and miles of highways, if constructed with federal aid funds jointly with state funds would directly benefit these public lands belonging to the United States, and would be of but little benefit to the actual residents of Arizona. The recent legislature addressed a memorial to Congress, that memorial in terms of candor and frankness stated the situation above referred to in language as follows:

"There appears to be a constantly increasing demand for improved highways which will traverse the state of Arizona to meet the present and future requirements of transcontinental travel. And in the construction and maintenance of such portions of those highways as will be within the borders of Arizona the entire motoring public of the United States have an interest in common with the interests of residents of the state of Arizona, and will share equally in any future construction of highways to become permanently improved links in the line of travel across the United States from east to west. And it appears also that many miles of the highways required will traverse the public domain of the United States, its forest reserves the Indian reservations, and be upon land as to which Arizona has no present interest and which contributes no share towards support of its state activities represented by highway construction; and as

It appears that highway improvement has come to be an important factor in the development and progress towards commercial and industrial success of our country; and

WHEREAS: The state of Arizona is large in size and abundant in natural opportunities for further development and a consequent increase in the number of its population and wealth: And that while the present taxpayers of the state and its counties have heretofore taxed their resources to a limit, that the state of Arizona might respond to the demands above referred to, yet in all frankness to your honorable body, it may be stated that Arizona cannot fully respond to the call of adjoining states that it complete through lines of highways as rapidly as those demands require, it feels that a call may be made for assistance at this time;

IT IS THEREFORE respectfully suggested and requested that a grant of 2,000,000 acres of lands from the public

domain of Arizona, of the same class of lands as granted in the Enabling Act under which Arizona was admitted to statehood, be made for the purpose of using the income therefrom, and proceeds of sales thereof, as funds for the construction and maintenance of highways within the state of Arizona."

That memorial simply tells what every conservative person in Arizona knows to be the fact. That fact is that Arizona cannot keep the pace in trans-state highway building which is set for her by richer, more populated, and older states. It cannot afford to match additional millions of dollars with federal aid funds, when by so doing it must increase its present taxes by hundreds of thousands of dollars per year.

The various counties of Arizona have bonded to their limit for highways. They have gambled upon the uncertainty of rapidly increased development of the state on account of that investment. The results are still uncertain and still speculative. With the present tax burdens what they are, the taxpayers of Arizona cannot afford to continue that game of uncertainty. Until the people are able to pay as they go, and until business activities and private resources from earnings and incomes are sufficient to meet present demands due to public activities already undertaken by the state, including the demands due to public bonds already issued, the Magazine believes that safety requires a cessation of further new activities which require new bonds, and will call for additional taxes from an already over-burdened public straining under a load of taxes which must be paid for what has already been done.

Stop, look, and listen. Taxpayers should do this before getting behind any more initiative measures involving state bond issues. They should do this even before such measures are initiated. The state and its taxpayers should not even be put to the expense of trying out any more such propositions. The petitions should not be supported to the extent of even placing such matters upon the ballots. As shown by past results, such measures will be defeated if put to a vote, and the public funds are sufficiently in demand for necessary purposes, without using many thousands of state money for the funeral expenses of more propositions to bond the state, as those expenses would follow from placing such a proposition upon the ballots at another election.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME TEN

PHOENIX, ARIZONA, SEPTEMBER, 1923

NUMBER NINE

TOTAL VALUATIONS OF ALL COUNTIES OF ARIZONA FOR YEAR 1923 AND PERCENTAGE OF TOTAL STATE VALUATION

County	Assessed Valuations	Percentage of Total State Valuation
Apache.....	\$9,355,348.00.....	1.34%
Navajo.....	\$11,829,619.00.....	1.70%
Santa Cruz.....	\$12,322,790.00.....	1.77%
Graham.....	\$12,399,829.00.....	1.78%
Mohave.....	\$18,480,277.00.....	2.65%
Coconino.....	\$20,524,854.00.....	2.94%
Yuma.....	\$21,385,568.00.....	3.07%
Greenlee.....	\$25,385,800.00.....	3.64%
Pinal.....	\$48,641,848.00.....	6.98%
Pima.....	\$55,477,774.00.....	7.96%
Yavapai.....	\$103,726,282.00.....	14.88%
Maricopa.....	\$112,299,316.00.....	16.11%
Gila.....	\$114,762,166.00.....	16.47%
Cochise.....	\$130,410,535.00.....	18.71%
	\$697,002,006.00	100.00%

The foregoing table shows not only the assessed valuations of taxable property in each county in the state, but shows also the percentage proportion which the taxable property in each county bears to the total state valuation, a percentage which also shows the proportion of state taxes which each county will pay into the state treasury on account of state tax rate levy for the year 1923.

The Public Credit of the People of Arizona Should be Guarded Against Excessive Use by the State, Counties, Cities and Other Municipal Subdivisions Thereof

The history of bond issues made by the state of Arizona to refund the territorial indebtedness of Arizona, its counties and other subdivisions, shows that with the incoming of statehood, investors in bonds held the credit of the state in high favor, so much so that old bond issues were re-funded and taken up by new state bonds, with the interest rate thereon also reduced to four and one-half per cent.

The history of local bond issues, such as made by the counties, cities, incorporated towns, school districts, and road districts, shows that such bonds were issued drawing interest at the rate of from five to six per cent per annum, and in the first years of statehood, many such issues were sold at a premium.

The Credit of Arizona Public in Bond Market is Good

These historical facts show that the money markets of the country had faith in the integrity of the people of Arizona, knew that the bonds issued by the people for public purposes, were so issued for the purpose of up-building the state, and were necessary for that purpose. That same bond-buying public had faith also that the people of Arizona would be able to, and would pay both interest and principal of such bonds. There is no doubt also that these bond buyers did not "go it blind," when purchases were made by them of any bond issue, but did in fact thoroughly investigate the resources of the state, if a state bond issue was on the market, and as thoroughly investigated the resources of counties, cities, towns and school districts, in each case of an offer of bonds for sale by any of these. Those investigations must have been satisfactory, and to be so, must have shown intended buyers that the state was on a firm financial footing, must have shown such a present condition of prosperity, such indications of continued stability and permanently continued progress, as to insure the ultimate ability of the public to continue to pay the interest upon its bonds, and to finally pay the principal thereof within the time specified, varying from fifteen to twenty-five years. The investigations must have shown to be present in connection with proposed bond issues, every element of present necessity for the money to be raised upon such issues that further

progress and development of the community would follow such use, and must have shown also the feasibility and practicability of the proposition to be put through as a public improvement through a bond issue, which facts as to feasibility and practicability included also a finding that the portion of the public issuing any bonds controlled such a portion of real assets, the values of which were and would continue to be sufficient under all future conditions that those assets could earn and could pay both interest and principal of bonds in addition to all other public burdens which the future might impose thereon, and be such a value that regardless of whether present owners of property might find the burdens too heavy and get out from under by sale or abandonment of property, there would be others to take their places, and assume the public burdens of bonds and other burdens, and carry on in such manner that the bond issues would be paid, and the credit of the public insured, maintained, and continued unimpaired.

As bond issues became more frequent, the public were first called upon to offer bonds drawing higher rates of interest. Still later, bond issues were no longer sold at a premium, and in some cases, schemes were resorted to, sanctioned by some public officials, and put through, by which such bonds, instead of selling for "par and accrued interest," were in fact discounted, with the result that the public only received a depleted portion of the face of the bonds, and assumed the burden of paying a high rate of interest upon the face of the bonds, and the burden of finally paying the full principal face thereof at maturity, without reference to the amount actually received for the purpose for which the bonds were first issued.

Realizing the High Credit of Arizona as to Bonds, Public Bond Issues Have Been Authorized For Purposes Formerly of a Private Nature

In practice in the early history of the state, as it had been in territorial days, public bond issues were confined to the public purposes of the state, of the counties, of school districts, and of road districts. The purposes for which such issues were formerly made, was for pub-

lic buildings of the counties, for similar buildings in cities and towns, for lighting plants, for water works, and sewer systems; for school houses in school districts, and for highway improvements in special road districts. It may have been due to the high credit of the public of Arizona which it had in general and in connection with bond issues by the political and municipal subdivisions of the state, so issued for the really necessary purposes as above mentioned, that legislation found its way into the laws of this state, through which, under the guise of "public improvement," special taxing districts have been authorized, under which bonds may be issued, secured upon the taxation value of the property included within each such district, and so issued for purposes which in prior years had been funded through private efforts and at the risk of owners of lands to be benefited. Included in such special districts with power to issue bonds, are irrigation districts, combinations of irrigating and drainage districts, rural electric lighting districts, electric power districts for reclamation of desert lands, and districts for the eradication of noxious weeds.

New Class of District Bonds Not Expressly Made Subject to Limitations as Applied to County, School District and City Bonds Depending Upon Assessed Valuation of Property Affected

Under the authority of the special district laws, bonds may be issued as public bonds, may in some instances draw as high as seven per cent per annum interest, and in some cases may be sold to the highest bidders, without reference to whether the bonds sell for par or not. The acceptance of bids and the sale of bonds thereunder being left to governing boards of the districts. There are constitutional limits as to the amount of bonds which may be issued by counties, cities and school districts, whether those same limits, based upon not to exceed ten, or in some instances not to exceed fifteen per cent of the assessed valuation of the political subdivision issuing such bonds should apply to district bond issue those limits are not in fact considered in connection with proposed bond issues of the new irrigation, drainage, power, lighting, and noxious weed eradication districts

which may now issue public bonds under existing laws.

If the owners of different portions of a large body of lands have a desire for electric lights, if they have a desire for electric power for other agricultural purposes, if they desire to clean up noxious weeds, there was a way, under the older policy of attaining those results. Those owners raised a joint fund through private loans or otherwise, and accomplished their desires. If those loans could not be paid, no credit was impaired except the credit of the individuals involved in the general enterprise. **Of paramount importance in connection with the old manner of doing things, public credit was not in the least involved.** To illustrate the importance of this distinction. There may be a few individuals in any community who overreach their limit of ability to pay debts contracted by them. Such an inability to pay, is almost an inevitable result produced through speculative ventures, or through other ventures which cannot ultimately be made to pay their cost. These facts concern individual and not

public credit. What the general public of Arizona is deeply interested in, is that no obligation of whatever form or nature, which appears to be issued under authority of the laws of the state, and so issued by some legally created subdivision of the state, shall ever be repudiated and go unpaid. **The credit used to obtain money under such obligations is "public credit" as distinct from "private credit."** The whole public is interested in maintaining every phase of the public credit of the state of Arizona. To the Magazine, the policy of any law which permits the doors to be opened, and any portion of, or political or municipal corporation, of the state permitted to use public credit regardless of a reasonable certainty of future ability of the subdivision to pay out the debt incurred by it through the use of a portion of the public credit of the people of this state, is a policy which will ultimately lead to disaster not only for the portion of the state involved in such bond issues, but in disaster for the whole state.

Whole Public is Interested in Preserving Public Credit

The whole state is interested in the matter of every bond issue made by the least of the subdivisions of the state. For, in every instance where so-called public bonds are authorized, those bonds become a perpetual lien upon the taxation value of the taxable property of the subdivision whose bonds they are.

The general public credit of the people of Arizona must be protected if it remain unimpaired by such an attitude as will prevent any bond issues under public authority, when if similar bonds were to be offered as private liabilities they would be quickly rejected as "blue sky" offers. An unimpaired credit of the public is of more direct and permanent value to the public, than anything whatever based upon speculative theories, which involves an unlimited use of that credit in connection with projects of doubtful possibilities for success for their promoters, and which if unsuccessful will give a black eye to public credit which will be necessary in the future in connection with really necessary and meritorious projects to be undertaken by the state at large or by any of its subdivisions.

Comments Upon State Taxes and Authorized Expenditures for Year 1923-1924

The state tax rate for the year beginning July 1, 1923, and ending June 30, 1924, has been finally fixed at fifty-seven and one-half cents per hundred upon a total valuation of taxable property of the state of \$697,002,006.00. This state tax rate will produce \$4,007,761.53. Which means that in addition to all other sources of revenue which have been appropriated from revenues to the state from sources other than direct taxation, the taxpayers of the state are called upon to contribute the sum of \$4,007,761.53 in taxes for the public activities of the state for the year above referred to.

The assessed valuation of the taxable property of the state decreased from a valuation of \$732,021,286.00 for the year 1922-1923, to the above valuation of \$697,002,006.00 for the present year. The tax rate per hundred of assessed valuation increased from fifty-one cents in the year 1922-1923, to fifty-seven and one-half cents per hundred for the present year. A reduction of \$35,019,280.00 in value of property upon which to levy taxes for state purposes for the present

year, and an increase of six and one-half cents per hundred of valuation, in the rate to be levied. On the face of the situation, the natural conclusion might be that taxes will be higher for the reason that tax rates are higher. At least, those facts taken alone are similar to facts used in past years to convince the public that their taxes have been increased because the tax rate is greater than for a previous year.

Test of "High or Low Taxes" is in Aggregate Amount Produced

This Magazine has repeatedly asserted that high tax rates do not necessarily mean higher taxes, nor does a low tax rate necessarily mean lower taxes. It has asserted the falsity of arguments based alone upon tax rates per hundred of valuation, as being any real argument as to high taxes, or low taxes, and has asserted the truism which is now almost universally accepted as such, that the burden of taxes, whether higher or lower, depends upon the amount which a given tax rate produces in any year, as compared with other years. The Magazine has also asserted that when a

desire is present to ascertain whether the activities of the state, or any of its subdivisions, are being conducted along lines of real economy or not, there are other questions which enter into and determine that question of real economy, such as the question of how much in total amount is authorized and being expended for all activities under consideration, including in that total not only amounts raised by direct property tax, but including as well, all other revenues which become available and are in fact appropriated for those activities. That the question of actual economy as to expenditures of public money involves also a close consideration of the exact purposes for which each dollar is expended. Is that dollar used for what may be termed "current operating expenses," for "maintenance," for "repairs," or is it used for "capital investment." If in one year the "current operating expenses" of the entire state is greater than another year, then the question of public necessity for such increase enters into the solution of any problem of economy. If any office or

department has an appropriation in one year greater than for a previous year, that fact alone does not prove that an expenditure of the larger amount will insure to greater public benefit, than the public benefit produced with the smaller appropriation. The question of real public benefits from any activity conducted with public funds, depends upon the real necessity for the particular activity itself, and with that necessity present, then depends further upon the question of the efficient manner in which the particular activity is conducted. Produce for the public the desired results from each necessary public activity, and do so without lavish expenditure and with all extravagant use of funds eliminated in producing these results, and with that done, the real and desired economy is a sure result.

If some of the above elements as to real economy are applied to the taxes to be raised and to the total of appropriations for the present year, there will be some basis for anticipating whether or not the total of state funds available for expenditure speaks for economy or otherwise.

Along the lines of such an application, the first thing that appears is that a state tax rate of 57½ cents for the present year will produce in taxes \$4,007,761.53, as against a state tax rate for the year 1922-1923 of 51 cents per hundred of valuation which produced \$3,733,308.55. This difference amounts to \$274,452.98 of extra tax money distributed among the various activities of the state for the state purposes of the present tax year.

Only Certain "Other Sources of Revenue" Can Be Considered by the Board of Equalization in Fixing Tax Rates Other Revenue Added to Taxes Anyway

In making the state tax levy, the state Board of Equalization considered other sources of revenue and money available as follows:

Actual Bal. Gen. Fund, June 30, 1923	\$262,845.34
Banking Dept.	4,000.00
Com. of Agri. and Hort.	400.00
Biological Survey	400.00
Corporations Fees	400,000.00
Escheated Estates	10,000.00
Express Company Taxes.....	6,500.00
State Fair Receipts	35,000.00
Inheritance Taxes	125,000.00
State Land Dept.	10,000.00
Private Car Tax	30,000.00
Secretary of State	5,000.00
Supreme Court Fees	5,000.00
Interest State Deposits	50,000.00

Total Estimated Revenues \$944,145.34

This aggregate of \$944,145.34 so considered by the State Board of Equalization when it fixed the state tax rate for general purposes at 57½ cents per hundred for the ensuing year, related only to such revenues which the board might consider as available for general fund purposes, and could not properly and did not in fact include other revenues specially appropriated by acts creating such revenues and which are in fact also appropriated, and made available for state purposes of that year, some of the more important of which have been estimated by the legislative committees and as estimated considered by the last legislature in making its total appropriations for the year, are as follows:

Auto License Fees	\$260,000.00
Gasoline Taxes	200,000.00
Livestock Board (Fees)	60,000.00
Game Warden (Fees)	19,430.00
Revenue Common Schools.....	387,975.00
Revenues University	270,486.00

\$1,197,891.00

Thus the real total of other sources of revenues, estimated as being still available for the state purposes of the ensuing year amounts to \$2,142,036.34. This amount added to the amount to be raised by direct taxation—\$4,007,761.53—makes a grand total of at least \$6,149,797.87 available and actually appropriated by the state legislature for the year 1923-1924. This total as against a total amount appropriated by the legislature for the preceding year of \$5,372,403.84.

Total Appropriations for State Purposes Exceed \$6,395,624.12 For Present Year

In making the above comparison of amounts finally authorized and appropriated, there has been omitted those appropriations from Federal Aid Funds, for several joint purposes including those for eradication of predatory animals, for the eradication of tuberculosis in cattle, and some other similar items. No mention has been made of several boards and commissions whose activities are paid for from fees collected. Nor does the total authorized and appropriated for expenditure for the fiscal year 1923-1924, of at least \$6,149,797.87 include all the appropriations authorized by the sixth legislature for the period commencing with its session and ending June 30th, 1924. There were special appropriations amounting to \$245,826.25, made and paid during the above period. So that any reader who may have in mind a table of comparative figures given in the April issue of this Magazine, in which the appropriations authorized by the special session of the

fifth legislature, and by the regular session of the sixth legislature, the total authorized expenditures of the sixth legislature will amount to \$6,395,624.12, as against what was in that table estimated as such total of \$6,246,078.92. Thus the figures and estimates used by the Magazine were on the "safe" side, by over \$140,000.00 which it now appears should be added to the amounts authorized for expenditure by the sixth legislature for the period beginning with its session and ending with June 30, 1924.

Economy Must Come if at all Through Not Spending Entire Appropriations

Thus it will be seen that the state activities are funded to an amount of over \$1,000,000.00 for the present year, in excess of funds available for the past year. This article cannot be extended to the length required to point out the various activities which will have the benefit of the items constituting that increase. The proof of the pudding is its eating, so the proof of any economy on the part of state officials will appear when the returns as to actual expenditures are all in on June 30th, 1924. On the face of the thing, it does not readily appear what necessity existed for a million dollars increased appropriations. Certain it is, that the presence of this amount in addition to what was sufficient for state purposes of the preceding year, does not include any necessity that these entire funds shall be expended. The excess in amount available does not mean that state officials are to be relieved of the duty of keeping a strict line upon the expenditures of their offices and departments, and of applying the rules of necessity as to each item of expenditure, before it is made, of applying the rule as to whether any expenditure will tend to actual efficiency in purpose and public benefit, and in short, if public officials really intend to keep faith with the public, it still remains their duty to economize where possible, regardless of the fact that an abundance of funds are available, can be expended if desired, whether any public benefit results from unnecessary over-expenditure or not.

Private activities as represented by private business and private enterprises in the state, and in fact the entire public of the state are called upon directly or indirectly to pay the cost of the state government. It makes no difference just the form used to bring the funds which are needed for government, into the public treasuries. If that form is in the shape of direct property taxes, the owners know the amount which each contributes. If that form of acquiring public funds is in the way of fees, or

rentals, of interest upon land purchases and the like public income which is collectively termed other sources of revenue, the final contribution of each member of the public thereto is not as direct nor as certain of computation. But the burden is finally upon the public. Hence that burden should be lessened to the minimum of amount, that private business, private enterprises, and all kinds of vocational and professional pursuits be relieved of the strain of un-

necessary cost in conducting public affairs.

The tendency in the past, has been to expend the amounts of all appropriations. If the voice of the public is heard and followed, that tendency will be changed in the future to a policy governed by rules of actual necessity and actual economy. The legislature has played its part with results as above alluded to. The taxing officials have made the direct tax levy as by necessity they

must do. If there is any real economy during the present fiscal year, the expending officials must produce it as the year rolls along. Taxes have not been reduced so far as aggregate amounts to be raised by taxation made necessary by legislative appropriations. Again it may be said that if there is any real economy in the matter of public expenditures in state activities during the present year, that economy will be accomplished in connection with actual expenditures, and in no other manner.

Aggregate of General County Taxes for Present Year 1923

Appended to this article is a table which shows county by county the total assessed valuation for each county upon the rolls for 1922, the total assessed valuation for each county upon the rolls for the present year, 1923, showing the increase or decrease of valuation in any county upon the rolls of 1923, the de-

crease in each case being indicated by a star. The table shows that the total assessed valuation of taxable property of the various counties of the state for the year 1922 is \$732,210,286.00 also shows that the total assessed valuation of the several counties of the state for taxation purposes for the present year,

1923, is \$697,006,002.00 showing a net decrease in the latter year of \$35,019,280.00 in the assessed valuation upon which to raise taxes for state and county purposes in the latter year.

The same table also shows in the col-

(Continued on Page 6)

Comparative Statement of General County Taxes For The Years 1922 and 1923

(Special Districts Not Included)

1922 Assessed Valuation	1923 Assessed Valuation	Increase or Decrease	General County Tax Rate Per \$100 Valuation		Amount Raised		Increase or Decrease
			1922	1923	1922	1923	
\$ 8,776,318.00	\$ 9,355,348.00	\$ 579,030.00	\$1.49	\$1.675	\$130,767.14	\$ 156,702.07	\$ 25,934.93
143,525,605.00	130,410,535.00	*13,115,070.00	.53	.665	760,685.73	867,230.05	106,544.32
20,128,235.00	20,524,854.00	396,619.00	1.4039	1.2845	232,580.29	263,641.74	*18,938.55
124,067,362.00	114,762,166.00	*9,305,196.00	.5309	.7005	658,673.61	803,908.97	145,235.36
12,480,418.00	12,399,329.00	*80,589.00	1.39	1.425	173,477.81	176,697.56	3,219.75
24,911,059.00	25,385,800.00	474,741.00	.99	1.135	246,619.48	288,128.83	41,509.35
116,826,456.00	112,299,316.00	*4,527,140.00	1.37	1.405	1,600,522.52	1,577,805.38	*22,717.14
20,113,636.00	18,480,277.00	*1,633,359.00	1.57	1.625	315,784.09	300,304.50	*15,479.59
11,393,701.00	11,829,619.00	435,918.00	1.54	1.597	175,462.99	188,919.01	13,456.02
56,001,132.00	55,477,774.00	*523,358.00	1.13	1.185	632,812.79	657,411.62	24,598.83
52,809,912.00	48,641,848.00	*4,168,064.00	.7401	.7583	390,846.16	368,851.13	*21,995.03
12,013,806.00	12,322,790.00	308,984.00	1.586	1.785	190,538.96	219,961.80	29,422.84
107,909,313.00	103,726,282.00	*4,183,031.00	.49	.825	528,755.61	855,741.82	326,986.21
21,064,333.00	*21,385,568.00	321,235.00	2.1009	1.775	442,540.57	379,593.83	*62,946.74
Net Decrease							Net Increase
ALS...\$732,021,286.00	\$697,002,006.00	*\$35,019,280.00	\$.892	\$1.2743	\$6,530,067.75	\$7,104,898.31	\$574,830.56

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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AGGREGATE OF GENERAL COUNTY TAXES FOR PRESENT YEAR 1923.

(Continued From Page 5)

umnn under the heading "General County Tax Rate per \$100.00 Valuation" the county tax rates for each of the years 1922 and 1923. These columns show the average rate for all of the counties for 1922 was .892 per \$100.00 valuation as against an average rate of \$1.2743 per \$100.00 of assessed valuation for the year 1923. As pointed out many times the question of increase or decrease in assessed valuation and the question of increase or decrease in the amount of tax rates as between any two or more years is not the true basis for determining the tax burden of any year, hence the table referred to under the heading "Amount raised for 1922-1923" shows in the first column the amount produced from the tax rate of 1922 as levied in each county upon the assessed valuation of the county for that year and shows also the amount produced in each county by the tax rate levied in each for the year 1923 upon assessed valuation of the respective counties for the latter year. The aggregate of county taxes for the year 1922 was \$6,530,057.75 and the aggregate of county taxes for the year 1923 is \$7,104,898.31 which shows that in the aggregate the general county taxes of 1923 of all the counties in the

state was increased by \$534,830.56. Again we call attention to the items of increase or decrease, in the amounts preceded by a star show as to each county the decreases in taxes made in the year 1923 as respects that county. In a previous Magazine we commented upon the fact that the Board of Supervisors and the school officials of several counties had made determined efforts towards reducing taxation. The table shows that Yuma County decreased its general county taxes by \$62,946.74 and that Maricopa County decreased its tax levy by \$22,717.14, that Pinal County decreased its general levy by \$21,995.03, that Coconino County reduced its tax levy by \$18,938.55 and Mohave County decreased its tax levy by \$15,479.59. The aggregate of increased taxes in other counties is \$716,907.61, the aggregate of decrease in taxes for the counties especially mentioned above is \$142,077.05 the difference between the two amounts makes the \$574,830.56 of net increase as shown by the table.

The table mentioned and the taxes referred to therein include only taxes raised for general fund purposes of each county, for highway purposes of each county, county bond interest and redemption funds and for such portion of school funds therein as is levied by direct tax upon all of the taxable property of each county. The table does not include amounts of taxes levied in special districts within the counties, such as

taxes levied for irrigation district purposes, for drainage district purposes or power district purposes, nor does it include school district bond interest or redemption or special school district levies which are levied against the property of various school districts in the counties of the state at the request of the school board of such district and so far as that property is concerned is a tax to be paid by the owners thereof in addition to the general taxes referred to in the table. With a state tax levy upon all of the property of the state which will produce for state purposes \$4,007,761.53 and the general county tax levy of 1923, which will produce the \$7,104,898.31 shown by the table the taxpayers of the state will be called upon to pay \$11,112,659.84 in general taxes for the support of the state and county as against \$10,263,376.20 of similar taxes raised in 1922, a total increase in general taxes of \$849,283.64.

In a later issue of the Magazine an attempt will be made to compile the other sources of revenue to the counties, the total estimate of other sources of revenue to the state together with a compilation of the special district taxes levied throughout the state which are not shown in the table below to the end that the people of the state may be informed as to the total amount of costs to them of operating the state and county governments of Arizona.

The Effect of the Decision in the Three Cent Gas Tax Case

Right after the veto message was directed against certain portions of Senate Bill No. 156, known as the "Highway Bill" adopted by the last legislature, this Magazine ventured the opinion in answer to a question covering the subject, that the attempt to veto a portion of that bill was absolutely ineffective as being in fact an attempt at direct legislation which would destroy the seventy-five per cent portion of the state road tax which the legislature intended to preserve to the respective counties. Since that opinion was given Senate Bill No. 156 has been through the courts and the Supreme Court in a recent decision held that not only was the attempt at veto already ineffective, but also held that the law itself was not unconstitutional for the reason that it pertained in the main to the single subjects of highways and that all else in the bill was

detail directions as to the manner of use of funds which the bill directed to be created through a ten cents per hundred tax levy, through a three cent tax upon sales of gasoline and a tax upon automobiles engaged in transportation of passengers and freight.

Some discussion has remained as to the real effect of the bill itself treated as a law of the state. For that reason the attention of our readers is called to the language used in the opinion of the Supreme court in the decision above referred to which language bears upon the question of use. A reading of the act showed the purpose and intent of the act itself to the Supreme Court and its construction of the act as necessary to the decision made as quoted as follows:

"Sections 1, 2, 3 and 4 of the Act provide funds or make appropriations to take care of eight federal aid projects

already constructed or in course of construction in different parts of the state, and recognize that those projects have been or are being constructed co-operatively by and between the state and the counties of the state, and by and between the state and the United States, and that in the prosecution of that work, funds have been borrowed from counties by the Board of Directors of State Institutions and the State Engineer and not repaid, and that all of the federal government's proportionate contribution has not been made. Repayments to the counties are authorized and directed and the disposition of the federal aid is provided for, as the same is paid in."

For the convenience of our readers in that they may clearly understand and have before them the sections 1, 2 and 3 referred to by the Supreme Court in above quoted language, those sections are supplied as follows:

"Section 1. For the purpose of construction and completion of those certain highway projects hereinafter specified, within the State of Arizona, initiated or authorized but uncompleted by the Board of Directors of State Institutions, and by the Office of State Engineer, of the State of Arizona, prior to January 1, 1923, and for the purpose of refunding for use on specific and designated highway projects of funds paid by political subdivisions of the State of Arizona to the State of Arizona, for the use of said Board of Directors of State Institutions and of said office of State Engineer of the State of Arizona, for the construction of such specific and designated highway projects, and diverted, prior to January 1, 1923, by said Board of Directors of State Institutions and said office of State Engineer, to purposes other than such specific and designated projects, the following appropriations, transfers and funds, limitations and authorizations of expenditure of funds and appropriations are made.

"Section 2. For the purpose of refunding for use on the specific and designated highway projects, hereninafter named, of funds paid by the counties of the State of Arizona, hereinafter named, to the State of Arizona, for the use of said Board of Directors of State Institutions and said State Engineer, for the construction of such specific and designated projects, and diverted prior to January 1, 1923, by said Board of Directors of State Institutions and said office of State Engineer, to purposes other than the construction of said specific and designated projects, the State Treasurer is hereby authorized and directed, immediately upon the passage of

this Act and its approval by the Governor, to make transfers out of any monies in the 25% apportionment account in the General Fund of the State of Arizona, as follows:

a. The sum of 9,061.79 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 51, now in course of construction, or to be constructed in Coconino County.

b. The sum of 103,219.84 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, Nos. 61 and 62 now in course of construction or to be constructed in Yavapai County.

c. The sum of 98,759.73 dollars, which shall be deposited by the State Treasurer in segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 55, now in the course of construction, or to be constructed in Yuma County.

d. The sum of 64,817.19 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 43, now in the course of construction, or to be constructed in Graham County.

e. The sum of 42,316.07 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 56, now in the course of construction, or to be constructed in Maricopa County.

f. The sum of 123,863.78 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 59, now in the course of construction, or to be constructed in Maricopa County.

g. The sum of *15,262.64 dollars, which shall be deposited by the State Treasurer in a segregated account within the General Fund in favor of Federal Aid project of the State of Arizona, No. 60, now in the course of construction, or to be constructed in Apache County.

"Section 3. All monies received from the United States of America, by virtue of any co-operative agreements for the construction of any of the projects named in Section 2 of this Act, between the State of Arizona, and the United States of America, pursuant to the terms of the Act of the Congress of the United States of America, entitled, "An Act to provide that the United States shall aid the States in the construction of rural and post roads, and for other purposes," or of any amendment thereto or pursuant

to any other act of the Congress of the United States of America, enacted for like purposes, shall when received by the Treasurer of the State of Arizona, be by him deposited to the credit of the respective segregated accounts within the General Fund of the State, of the project or projects, named in Section 2 of this Act, on account of which such monies were so paid by the United States of America."

In the same opinion the Supreme Court was referring to Section 5 of the Highway Bill makes use of the following language:

"Under Section 5 the appropriations for such projects and purposes is made out of the 25% apportionment account of the general fund of the state, and under said section there is further appropriated out of said fund "for the construction and completion of those certain highway projects where the State of Arizona initiated or authorized but not completed by the Board of Directors of State Institutions and by the office of the State Engineer of the State of Arizona prior to January 1, 1923, money for forty-eight other named federal aid and non-federal aid projects located and situated in different parts of the state. The total appropriation out of the 25% apportionment account for the purpose of repaying borrowed money from the counties and completing all such federal aid and non-federal aid projects is \$1,500,000.00."

And the Supreme Court also says of Section 6 of the Highway law as follows:

"Section 6 authorizes the Board of Supervisors to enter into contracts with the Board of State Institutions to expend upon projects within their counties the 75% fund hereinafter mentioned and to pay into the State Treasury out of said fund to be credited to a segregated account within the general fund of the State in favor of such aid projects the sum agreed to be contributed. Said action also provides the method of handling and crediting federal aid funds."

From a reading of Sections 5 and 6, the same being of too great length to reproduce in this article and reading same in the light of the language of the Supreme Court above quoted it appears that the 25% portion of the State Highway fund which belongs to the State has been appropriated for the repayment to counties of loans from those counties made in the past; and thereafter for use in connection with federal aid funds in the construction and completion of some forty-eight special projects already underway for such construction by the joint use of state, county and fed-

eral aid funds; and it appears in addition to the use of the 25% portion which goes into the state fund and remains there subject to expenditure through the Board of Directors of State Institutions and the State Engineer, the 75% portion which in the first instance goes to the counties seems to be intended for use through agreements to be made between the state officials and the county officials under which the 75% portion may also be available for the completion of the federal aid projects, forty-eight in number, designated in Senate Bill No. 156. There is one feature of the decision to which special attention must be directed and that is the provision as to the pro-rated division of funds realized from the gas tax provided in the bill. In brief, 25% of that collection goes to the State fund, 25% to the 75% county portion of the State Highway fund and 50% of the entire collection goes direct to the counties, as to which 50% the Supreme Court says:

"As we read the provision of Chapter 76 disposing of one-half of the three cents per gallon gasoline tax to the counties it 'states distinctly the object of the tax' to be 'for the maintenance of county roads and highways.'"

It is estimated that the three cent tax per gallon on gasoline will raise approximately \$675,000.00 per year, this estimate is based upon the fact that the gasoline selling companies of the state for a period beginning June 9th and ending with June 30th, of the present year reported sales of gasoline to the amount of 1,266,503 gallons. This was for a period of twenty days or practically two-thirds of one month. Taking this consumption for two-thirds of a month and using it as an average for the whole year, the three cents gas tax would produce \$683,000.00 of which 50% is preserved for construction of highways, and 50% is impressed with a specific designation that it be used by the counties in repairing highways within the counties.

Without enlarging further upon the subject as to just which of all the state and county officials are clothed with power to expend money raised for highway purposes through the state agencies. The ten cents per one hundred direct tax will produce \$697,000.00 for the current fiscal year, and the motor vehicle tax will produce between \$260,000.00 and \$300,000.00 for the same year and the three cent tax per gallon of gas will produce \$675,000.00 with no figures available as to the amount which will be produced by the tax levied upon automobile carriers of passengers or freight. In other words it is practically

certain that the revenues produced through the means of Senate Bill No. 156 will amount to over \$1,635,000.00 for the present year for use in the construction, maintenance and repair of the public highways within the state.

It must be born in mind, however, that under Chapter 25 of the Session Laws of 1923, the motor vehicle license tax is appropriated into the highway fund for the main purpose of maintaining state highways and roads and also it must be born in mind that 50% of the gasoline tax goes direct to the counties for the exclusive purpose of maintaining county highways. Taking these amounts from the above total and adding thereto the amounts which would be available from the carriers license tax from automobiles leaves substantially \$1,000,000.00 which through co-operation and contract between the state and counties can be used for completing the highway projects named in Senate Bill No. 156 and which will be available through the present year and which amount will be available for the coming fiscal year and under the same joint control until those projects are completed. This will make substantially \$2,000,000.00 during the ensuing two year period, available to match federal aid for highway projects, in fact the same projects mentioned in Senate Bill No. 156, or makes possible a \$4,000,000.00 highway program during the two years.

To attain the end contemplated by the legislature it remains for the state officials and county officials to get together in friendly co-operation and use the funds according to the use intended by the legislature when it enacted Senate Bill No. 156 and with that co-operation many of the discussed difficulties will disappear and the highway construction will go on without interruption and with ample funds for such construction as can properly be made during the period above mentioned.

Questions and Answers

Q. Are there any appropriations from state funds which are made expressly for the maintenance of public highways, and if so, of what does those appropriations consist?

A. Chapter 25, of Session Laws of Arizona for year 1923 provides as follows:

"That all monies in the state treasury, and under the custody and control of the state treasurer, received by him, prior to the effectiveness of this act, as fees paid for licenses of automobiles or other motor propelled or driven vehicles and all such monies by him so received subsequently to the effectiveness of this act, shall immediately upon the effectiveness of this act or upon receipt of such monies subsequently to the effectiveness of this act, be immediately placed in and credited to a separate account in the general fund to be known and designated as State Highway Maintenance Account, to be subject to the control and disposition of the Board of Directors of State Institutions, and by them to be expended through the State Engineer for the exclusive use and purpose of the maintenance of State Highways and roads. * * * That all acts and parts of acts in conflict with the provisions of this act are hereby repealed."

In addition to the above appropriation of motor vehicle license fees to the exclusive use of maintenance of state highways, fifty per cent of the three cent gasoline tax is appropriated by Subdivision (d) found on page 227 of Session Laws of 1923, as follows:

"Said license tax shall be paid on or before the 15th day of each month to the Secretary of State, who shall receipt to the dealer therefor, and promptly turn over to the State Treasurer as are other receipts of his office, and the State Treasurer shall place one-quarter of same in said 25% apportionment account in the general fund, and one quarter of same to the account of the 75% apportionment account in the general fund, and the Secretary of State shall promptly pay the remaining one-half of such tax to the several county treasurers of the state of Arizona in proportion to the amount of such tax received from the respective counties, which shall be used by the said several counties as may be determined by the board of supervisors thereof, for the maintenance of county roads and highways."

Thus the two laws above referred to and quoted, do provide specifically and appropriate certain receipts for the exclusive purpose of maintenance of the public highways of the state.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS' MAGAZINE

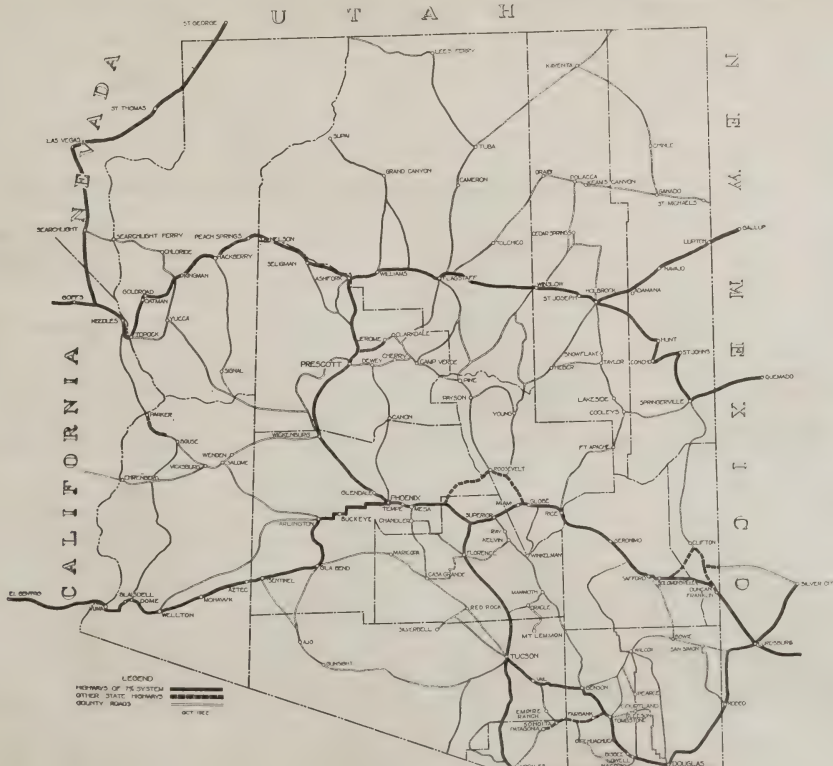
A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TEN

PHOENIX, ARIZONA, OCTOBER, 1923

NUMBER TEN

A MAP SHOWING THE ADOPTED FEDERAL AID SYSTEM OF HIGHWAYS UNDER "SEVEN PER CENT PLAN" WITH STATE HIGHWAYS AND COUNTY ROADS IN ARIZONA.



Explanation of Front Page Map of Federal Aid Highway System For Arizona

The map which appears upon the front page of this issue of the Magazine shows three kinds of highways in Arizona. The continuous heavy black lines show such roads as are approved as coming within the so-called "seven per cent" federal aid highways as approved by the federal officers. The broken lines, otherwise in heavier black, show "state highways," while the lighter double lined roads shown by the map are "county highways."

The "seven per cent" federal aid highways shown include the three-sevenths of that system which are to be first constructed, from joint state and federal aid funds, which three-sevenths are referred to as being "primary interstate" highways, as distinct from the

remaining four-sevenths of what is referred to as "secondary or inter-county highways, and so referred to in the act of Congress making appropriations of federal money to aid states in highway construction.

In the approved Federal Highway system for Arizona, **the primary interstate highways to be first constructed**, actually includes a strip across the northwest corner of the state, which connects similar highways in Utah and Nevada. Also actually includes the heavy continuously black line of highway running from Yuma through Phoenix, Globe, Safford and to Solomonville; includes also the "black line" highways of the map which lie south of the highway line running as above except from Tucson to No-

gales, and Solomonville through Duncan to east state line. All other highways of the "black line" class as shown by the map are "secondary and inter-county" highways. In short, the **primary federal aid highways** when constructed **will all be south** of an east and west line across the state through Phoenix and Globe, and the secondary and intercounty federal aid highways, when constructed, **will be north of such a line**, except the short line in the northwest corner of the state connecting Utah with Nevada.

The Federal Aid system as shown by the map includes such highways of that system as have been constructed, are in course of construction, and to be yet undertaken when funds are available.

Some Phases of "Federal Aid Funds" as Applied to An Arizona State Highway System

There is a movement under way which contemplates such constitutional amendments and supplementary legislation as will authorize a state bond issue of \$20,000,000.00 for the purpose of completing what is commonly known as **"The 7% system of Highways under Federal Aid," in Arizona.** Our readers may be interested in knowing what that proposed system is, where the lines of highway to be constructed are located, how much it will actually cost to complete the system, and how the highways when constructed are required to be maintained, and under what authority in the state such highways shall be constructed. The general public has general information as to the fact that the federal government has made appropriations to be "matched" with state funds in the construction of highways in the several states, but inasmuch as the question of a \$20,000,000.00 bond issue may be presented in the form of a constitutional amendment for the approval or disapproval of the voters of Arizona, and such amendment will include the funding of the entire "Federal Aid" system of highways in Arizona, and will be used in addition to the money which has been and may hereafter be appropriated and made available by Congress for the construction of that system, the people should be well informed as to all

branches of the subject, and of all the conditions which will follow such a large undertaking of highway construction.

On November 9, 1921, the present Federal Highway System law was approved, and it is under this law that Congress has provided the framework for co-operation as between the United States and the several states as to highway construction. In an appropriation act approved June 19th, 1922, Congress for the purpose of carrying out the provisions of the act entitled: "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," appropriated amounts as follows:

The sum of \$50,000,000.00 for the fiscal year ending June 30, 1923.

The sum of \$65,000,000.00 for the fiscal year ending June 30, 1924, and

The sum of \$75,000,000.00 for the fiscal year ending June 30, 1925.

Prior to June 19th, 1922, Congress had appropriated amounts for the same purposes, since 1916. From figures obtained by the Magazine, through the assistance of state and federal officers, it develops that the state of Arizona has been allotted from the congressional appropriations above mentioned a total of \$7,137,000.00, of which amount a total of \$5,586,000.00 has either been actually paid for highway construction already

completed, or is already encumbered with a liability for payment on account of highways now in course of construction. **This leaves a balance of \$1,551,000.00 which will still be available from federal aid towards Arizona highways, for the period ending June 30, 1925.** Just how much may be appropriated after that date, is a matter of conjecture, and depends entirely upon the ideas of a future Congress upon the subject of highway construction through aid to the states.

The federal act which controls the apportionment of federal aid funds makes provisions for the establishment of a "federal aid system" of highways in each state, as follows:

"That in approving projects to receive federal aid under the provisions of this Act the Secretary of Agriculture shall give preference to such projects as will expedite the completion of an adequate and connected system of highways, interstate in character.

"Before any projects are approved in any State, such State through its State highway department, shall select or designate a system of highways not to exceed 7 per centum of the total highway mileage of such State as shown by the records of the State highway department at the time of the passage of this Act.

"Upon this system all federal aid apportionments shall be expended.

"Highways which may receive federal aid shall be divided into two classes, one of which shall be known as primary or interstate highways, and shall not exceed three-sevenths of the total mileage which may receive federal aid, and the other which shall connect or correlate therewith and be known as secondary or intercounty highways, and shall consist of the remainder of the mileage which may receive federal aid."

Under the above provisions, the state engineer's office in December, 1921, submitted a tentative proposal for such a system, in which it was estimated that the total highway mileage of roads in all the counties of the state was approximately 21,400 miles, seven per cent of which mileage, or approximately 1,500 miles, therefore became the outside limit of highways, which under the "seven per cent federal aid plan" could be partly financed from federal funds.

The same federal law made provisions as to the portion of costs of highways within an adopted Federal Aid System, to be finally paid from federal aid funds, as follows:

"That any State having complied with the provisions of this Act, and desiring to avail itself of the benefits thereof, shall by its State highway department submit to the Secretary of Agriculture project statements setting forth proposed construction or reconstruction of any primary or interstate, or secondary or intercounty highway therein. If the Secretary of Agriculture approve the project, the State highway department shall furnish to him such surveys, plans, specifications, and estimates therefor as he may require; items included for engineering, inspection, and unforeseen contingencies shall not exceed 10 per centum of the total estimated costs of its construction.

"That when the Secretary of Agriculture approves such surveys, plans, specifications, and estimates, he shall notify the State highway department and immediately certify the fact to the Secretary of the Treasury. The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this Act on account of such projects, which shall not exceed 50 per centum of the total estimated cost thereof, except that in the case of any State containing unappropriated public lands exceeding 5 per centum of the total area of all lands in the State, the share of the United States payable under this Act on account of such projects shall not exceed 50 per centum of the total estimated cost plus a percentage of such

estimated cost equal to one-half of the percentage which the area of the unappropriated public lands in such State bears to the total area of such State: Provided, That the limitation of payments not to exceed \$20,000 per mile, under existing law, which the Secretary of Agriculture may make be, and the same is hereby, increased in proportion to the increased percentage of Federal aid authorized by this section: Provided further, That these provisions relative to the public land States shall apply to all unobligated or unmatched funds appropriated by the Federal Aid Act and payment for approved projects upon which actual building construction work had not begun on the 30th day of June, 1921."

Under the above provisions, the federal appropriation is available at the rate of sixty-one cents out of each dollar of completed costs of highways constructed under the plan as at present worked out and computed for Arizona. Under the former law, the outside cost of highways constructed under joint federal and state funds should not exceed \$40,000.00 per mile, or stated another way, not require more than \$20,000 per mile from federal funds. The new law seems to so read that up to a total cost of \$40,000.00 per mile, sixty-one per cent of that cost may be from federal funds, and the remaining cost whether only \$40,000.00 per mile or over that amount to be paid by the state. It must be remembered, however, that when the statement is made that a federal aid system of highways has been approved for construction in Arizona, only \$1,551,000.00 of federal aid funds are now in sight under appropriations of Congress actually made, towards that construction. In other words, when the state of Arizona has approximately \$991,622.00 of highway money not already encumbered in present construction of portions of the approved federal highway system, that \$991,622.00 will match the remaining unencumbered balance—\$1,551,000.00 of federal funds—now in sight. This would mean a joint fund amounting to \$2,542,622.00 available between now and June 30th, 1925, for actually authorized construction of portions of the adopted system.

The State Engineer's office approximates the entire cost of construction of the entire 1,500 miles of highways which are included within the adopted federal aid plan, at \$25,000,000.00. These approximate figures include also the cost of several branch highways which will lead into and connect with the federal aid system. As the idea of a state bond issue of \$20,000,000.00 is now presented

that idea contemplates an authorized issue of above amount, which will be used within the next four to five years, and the rate of between \$4,000,000.00 and \$5,000,000.00 per year of state money, and should Congress continue to appropriate after June 30th, 1925, at about the same amounts as heretofore, the amounts annually available from federal aid will run from \$1,000,000.00 to \$1,200,000.00 per year.

The bond issue proposal as it now stands, would bring about the completion of the entire federal aid system within the next five year period, during which period \$5,000,000.00 might be expected as federal aid, but that bond issue proposal includes the total expenditure of \$20,000,000.00 of state funds within that four to five year period. Or as the plan stands and appears upon its face, the state would pay eighty per cent of the cost of the federal aid system of highways, and the United States will contribute only twenty per cent of that cost, and against a present condition where with highways under construction at the rate of from two to three million dollars worth of construction annually, the United States will contribute sixty-one per cent to match a state appropriation of thirty-nine per cent of the cost of the same highways. **The plan as suggested does not yet consider the question of what disposition might be made of Arizona's share of federal aid highway funds, which might accrue after the present "seven per cent" federal aid highway system might be in fact completed.** Certainly the possibility of losing one million dollars per year, for the last fifteen years of the twenty years now commencing, is a possibility which should be eliminated against such a loss, before the state takes such speedy action as to go ahead and complete in five years the entire federal aid highway system as now approved for Arizona. Attention is called to a provision of the present act of Congress, which is a part of the Federal Highway Act, which reads as follows:

"That all highways constructed or reconstructed under the provisions of this Act shall be free from tolls of all kinds.

"That all highways in the primary or interstate system constructed after the passage of this Act shall have a right of way of ample width and a wearing surface of an adequate width which shall not be less than eighteen feet, unless, in the opinion of the Secretary of Agriculture, it is rendered impracticable by physical conditions, excessive costs, probable traffic requirements, or legal obstacles."

A reading of which discloses that Congress has in mind, **an interstate system**

of highways as the logical result of all federal aid to the states, and thus far has not manifested any concern in the construction of intrastate or local state roads.

Attention is also called to the fact, that out of the federal aid highway system as approved for Arizona, three-sevenths of the total mileage are under

the law, "primary or interstate" highways, which are to be the first highways constructed, and that the remaining four-sevenths are known as "secondary or intercounty highways," which may receive federal aid.

It is hoped that the statements made above, when read in connection with a map which shows the lines of roads

which have been approved as "federal aid" roads under the seven per cent plan, will enable our readers to be ready to consider any proposition which may hereafter be presented to them which may be made to the end of raising state funds, through bond issue or otherwise, to complete that system in Arizona.

What it Costs to "Govern" in Arizona, Including Costs of State, County, City, Town, School District, and Other Special Tax District Activities

In previous issues of the Magazine there has appeared tables which have shown the authorized expenditures for all state purposes in Arizona for the fiscal year which commenced July 1st, 1923, and which will end June 30, 1924. Of those authorized expenditures which included in the amounts given as such, only amounts which are to be paid by taxpayers of Arizona, there will be an amount of \$4,007,761.54 paid in taxes, and an additional amount, (estimated) of \$2,142,036.34 to be collected as the "other sources of revenue." Making a total of \$6,149,797.87 which is the amount contemplated for expenditure for the year named. This total does not include some revenues which are collected and used to pay the expenses of several public functions, as to which the cost of activities are confined entirely to the amount of fees collected.

In addition to the tables above referred to, the table which is connected with this article shows the total of state taxes to be collected with details as to the amounts thereof collected from each county. That table also shows county by county the total amounts of taxes spread over each county at large, including in that total taxes raised for the "county general fund," for the "county highway fund" and for the "county school fund" of each county. The total for all counties under this inclusive head of "general county taxes," is \$7,104,898.31. The cost of public schools requires a column to cover "special school district levies" and which column includes those additional amounts demanded by the various boards in common and high school districts, and which are added to the amounts distributed from the general county school funds and the amounts received from the state school fund as a part of that fund. These special district levies for the whole state amounts to the sum of \$2,863,892.29. There are other "special districts" such as irrigation districts, drainage districts, power districts, and the like, for the

purposes of which taxes are levied upon the property included in each district, so the column in the table which is headed: "Other Special District Taxes" includes all of such special district tax levies, and amount to \$286,629.43 for the whole state for the year.

Under the table heading of "City and Town Taxes" the total taxes of the towns and cities of each county as those taxes have been levied for the fiscal year now running is shown. The total of all such taxes levied in the whole state amounts to \$1,938,932.59.

From the table as tabulated by counties, and including all district taxes levied in Arizona for the present fiscal year, there appears the total of **state taxes, \$4,007,761.54**; the total of **general county taxes, \$7,104,898.31**; the total of **special school district taxes, \$2,863,892.29**; the total of **other special district tax levies, \$286,629.43**, which with the **\$1,938,932.59 total of taxes levied in the various towns and cities of the state, makes an aggregate of \$16,202,114.16** which the taxpayers of the state must pay towards the support of all governmental activities of the state, in direct taxes upon their property holdings in Arizona.

In addition to the above total of direct taxes, the public also pay an aggregate of \$2,142,036.34, in various fees, rentals, interest, licenses, and license taxes, all termed "other sources of revenues" for state purposes; that same public also pays \$885,443.23, into the county treasuries, as similar other sources of revenues to the counties. While the public in the towns and cities pay the total of \$1,374,411.61, for such purposes as water, lights, and other publicly owned and publicly conducted utilities of the cities, also classed as "other sources of revenues," the amounts of these other sources of revenues are necessarily estimated amounts. But the figures used in making such estimates, are usually less than the actual collection of such revenues in past yearly per-

iods, and in consequence are safely within minimum estimates as to totals given.

Taking the aggregates of taxes, and adding thereto the amounts of "other sources of revenues" to the state, the counties, and to the cities and towns, there appears a total of \$20,604,005.34, which is the amount of the cost to the taxpayers and the public, to be for all government in the state for the present fiscal year.

From the table which shows the total amounts available therefore, it is safe to say that it costs the people of Arizona **more than \$20,000,000.00 per year to pay for the public activities** of the state, of the counties, of its cities and towns, of its school districts, and of other special districts. If the population of Arizona is 345,000 in round numbers, then it is safe to say that the present annual per capita cost of government in Arizona is at least fifty-eight dollars per capita.

If the people of this state were directly required to pay a per capita tax of fifty-eight dollars per annum out of their income, their salaries, their wage earnings, or from whatever other source that payment per capita could be made, the full significance of the present public burden found in the total cost of all public activities of the state would be directly appreciated by each and every one of the three hundred and forty-five thousand people of the state. Each and every one of our citizens would be keenly alive as to all matters pertaining to that per capita cost, and would at once become economists. But when that per capita cost is in the first instance in a large percentage paid by the various farming, ranching, cattle, sheep, merchandising, railroad, mining, and other industries of the state, by the employers and not directly by those employed, the real cost is so concealed in the cost of living and paid indirectly by those who are not directly called upon to pay much of the grand total, that the latter are

not so quickly appreciative as to the importance to them of a careful consideration of all public questions which have to do with an increase or decrease in the amount of public expenditures. The general public chaff under attempts to carry the high cost of living, but are

not generally aroused to the fact that the "rub of high cost of government," increases that chaffing.

The general public as a majority, demand certain public activities involving public expenditures. When that public fully appreciates that it must finally

contribute to the per capita cost brought about through what is so expended, then public activities will be confined to those which are really necessary, to those which directly tend towards public profit, and in a total for all purposes not exceeding what the whole public can actually and at present afford.

A TABLE SHOWING THE TOTAL TAXES TO BE COLLECTED FROM ARIZONA TAXPAYERS FOR ALL STATE, COUNTY, SCHOOL DISTRICT, OTHER SPECIAL DISTRICTS, CITY AND TOWN PURPOSES OF PRESENT FISCAL YEAR, 1923-1924, WITH TOTALS OF ALL ESTIMATED REVENUES FOR SAME YEAR.

County	State Taxes	Gen. County Taxes	Spec. School Dist. Taxes	Other Spec. District Taxes	City and Town Taxes	Total
Apache	\$ 53,793.25	\$ 156,702.07	\$ 2,380.00	\$	\$	\$ 212,875.32
Cochise	749,860.58	867,230.05	518,382.00	13,470.00	225,286.66	2,374,229.29
Coconino	118,017.91	263,641.74	70,494.49	.....	50,725.93	502,880.07
Gila	659,882.45	803,908.97	371,930.56	4,273.80	187,436.70	2,027,432.48
Graham	71,299.02	176,697.56	51,863.16	4,616.00	13,243.49	317,719.23
Greenlee	145,968.35	288,128.83	122,125.78	.....	69,692.99	625,915.95
Maricopa	645,721.07	1,577,805.38	845,736.99	156,918.45	694,701.46	3,920,883.35
Mohave	106,261.59	300,304.50	10,569.00	14,000.00	.....	431,135.09
Navajo	68,020.31	188,919.01	61,885.93	.....	51,640.99	370,466.24
Pima	318,997.20	657,411.62	235,643.94	32,839.18	298,975.87	1,543,867.81
Pinal	279,690.63	368,851.13	101,929.97	10,025.00	29,566.13	790,062.86
Santa Cruz	70,856.04	219,961.80	47,705.42	.....	86,669.25	425,192.51
Yavapai	596,426.12	855,741.82	328,995.05	.....	147,991.60	1,929,154.59
Yuma	122,967.02	379,593.83	94,250.00	50,487.00	83,001.52	730,299.37
TOTAL	\$4,007,761.54	\$7,104,898.31	\$2,863,892.29	\$286,629.43	\$1,938,932.59	\$16,202,114.16
Estimated Other Revenues to State						2,142,036.34
Estimated Other Revenues to Counties						885,443.23
Estimated Other Revenues to Cities and Towns.....						1,374,411.61

TOTAL AMOUNT AVAILABLE FOR ALL PURPOSES\$20,604,005.34

Comments Upon County "Budgets"

In another article in the present issue of the Magazine there is a table which shows, among other things, the amount of taxes raised in each county together with the estimated amounts to be received from "other sources of revenue," the total of which will finally become an amount available for county purposes of the various counties for the present fis-

cal year. This article is not concerned with that available amount. It was expected that this issue of the Magazine would have the data necessary to present to its readers figures which would show as to each county the total expenditures for all county purposes of the fiscal year which ended June 30th last past, that those figures might be

placed by the side of what it is proposed to expend for the present year, the totals compared, and some conclusion arrived upon as to whether or not there had been an actual increase or decrease accomplished as regards the amounts of county expenditures. Our hopes in that direction originated in the fact that the

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Comments Upon County "Budgets"

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1921 legislature by an amendment adopted to the law as to what should be contained in the "annual estimates" as the basis for county taxation and county expenditures has required that such estimates be so detailed that such comparisons as above contemplated could be made without going outside of the estimates.

County Estimate Law Requires A Complete Financial Statement

The county estimate law is plain. As to such estimates it says:

"It shall be the duty of the board of supervisors of each county, * * * not less than thirty days prior to date on which the regular annual tax levy is made, to prepare a statement covering items and details of purposes of expenditures for the fiscal year last past."

There is no ambiguity in the above quoted language, it calls for "items and details of expenditures," of the previous year, no more and no less. Further along in the same matter as to the substance of such estimates, it is provided:

"which will show contingent claims, encumbrances upon funds if any, balances of funds, and to be otherwise a full and complete statement of the financial affairs of the previous year."

So that if anything is lacking, and if the taxpayers of any county desire to take the time and figure the situation out, the law itself calls for the presentation to taxpayers of figures sufficient for the first step in that figuring. That step being, how much did it cost to operate the county government last year, and incidentally, the question as to whether that cost has been fully paid, or are there still "contingent claims," or still "encumbrances upon funds," which will need money to pay and liquidate, and if so, how far will the various balances, in the various funds go towards that payment and liquidation.

The first thing a thoughtful man does when seeking to plan for finances to cover the operations of business for a new year, is to ascertain definitely how much it cost to operate in a previous year. Those costs of operation include fixed charges of his business, such as clerk hire, lights, heat, repairs, traveling expenses, and the like. Experience has taught that business man that these fixed charges are always present, always for the same business of the same intended volume, are substantially the same in their detail and aggregate. His accounts and bills payable, not yet matured, but which accrued from past operations must be provided for in financial plans. Nor, can a full and complete statement of his financial affairs be made at the end of one year, unless that statement includes balances of cash on hand, accounts receivable which the business has earned in the past, but which will become cash for future use. These and other things are items which are ordinarily considered as indispensable to any "complete statement" of a business for any given period. The legislature had similar ideas as to the composition of county estimates, when it enacted the law of 1921 which related thereto.

Some County Estimates For Present Year Are Deficient, In Not Showing Complete Statements of County Finances

An examination of the county estimates which were used as the basis for county taxes for the present year, and which will become the basis which should control the various purposes and amounts of county expenditures, discloses the fact, that such a complete financial statement as contemplated in the law referred to, was not made in several of the counties. It has never been the policy of the Magazine to point out specific instances of omissions or of re-

missness on the part of particular officers and boards when matters of the nature discussed in this article have been the subject of comment. It has been deemed best to follow the methods of the best preachers, who may call attention to the fact that there may be "sinners in the congregation" rather than select and bring into the limelight some particularly known offender. The lesson of the text will go home to the whole congregation, and to every member of it, and those members to whom that lesson applies will appreciate its force, and may apply it to their future conduct, and the final force of the lesson may be thus effective without the preacher telling the world, "there sits John Smith, a sinner against the laws of God and man." Then again that preacher desires to keep John Smith in his congregation, wants to continue talking to him, and it is barely possible that the very next talk may point to some "Bill Brown," in the same congregation, and the preacher feels he can do the most good by keeping all his people within his fold. So the Magazine desires to present its suggestions, its comments, and its line of thought as to matters of public finances, public expenditures and possible public economy, to all the Smiths and Browns, who may be interested in such matters either as private taxpayers or as public officers in charge of the raising and expenditure of public funds, and so without personal mention of any particular county, or of any particular county board of supervisors, it makes the general statement that county estimates from some of the counties are deficient in not presenting to the public such a full financial statement as called for by the law.

Some Estimates Fail to Show Totals of Last Year's Expenditures of Counties

Perusing page after page of figures of what has been prepared to fill the bill as annual estimates for counties, it was found that the column of "actual expenditures for the past year" was not filled out in many instances. The failure to fill in the items of expenditures, was in such cases followed by a lack of totals. In other instances, different totals appear as being the "total expenditures" of the year, with figures absent by which to reconcile one amount given as a total with the other amount elsewhere in the same estimate, and likewise designated as a total of the expenditures from the same fund or funds. It is not unduly critical to say that complete financial statements should not leave the matter of actual expenditures

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\$154,577.79 Comes to Arizona From Forest Reserves Under United States Control

The treasury of the state of Arizona was temporarily enriched by means of a United States treasury warrant for a total of \$154,577.79, which amount represents the income received by the federal government from lands in the forest reserves of the state which still remain under federal control. This amount is made up of revenues received from school section lands, unsurveyed, within the forest reserves, of which out of above total of \$154,577.79, the sum of \$48,749.81 was so received and becomes a part of the state common school fund for general distribution as such to the counties of the state. The remaining \$105,827.98 represents the portion of all rentals received by the United States for lands located within the forest reserves, and is distributed to those counties of the state which have portions of forest reserves within county boundaries, and the distribution amounts to twenty-five per cent of the total rentals of grazing lands in those reserves, and

this last amount will be distributed by the state treasurer to the counties in portions and according to acreage leased in each county all as shown in table which follows this article.

The counties are required to divide their portion of above amount, equally between the county common school fund and the county highway funds.

The ten national forests in Arizona and their acreage is as follows: The Apache, 1,190,211 acres; the Coconino, 1,588,950 acres; the Coronado, 1,303,380 acres; the Crook, 889,126 acres; the Dixie, 17,680 acres; the Kaibab, 752,214 acres; the Prescott, 1,445,513 acres; the Sitgreaves, 629,585 acres; the Tonto, 2,112,888 acres; the Tusayan, 1,274,757 acres.

Of the Apache forest, 440,583 acres are in Apache county and 749,628 acres are in Greenlee; 1,229,778 acres of the Coconino national forest are in Coconino county, and 359,172 acres are in Yavapai; while Coronado is divided as

follows: Cochise county, 483,219 acres; Pima, 384,693 acres; Pinal, 24,558 acres, and Santa Cruz county, 410,910 acres.

The Crook national forest is divided as follows: Cochise, 22,595 acres; Gila, 318,128 acres; Graham, 397,019 acres; Maricopa, 2,300 acres, and Pinal, 149,084 acres. The Kaibab forest as follows: Coconino, 738,894 acres; and Mohave, 13,320 acres. The Prescott as follows: Maricopa, 173,110 acres; and Yavapai, 1,272,403 acres. The Sitgreaves as follows: Apache, 43,184 acres; Coconino, 216,614 acres, and Navajo, 369,787 acres.

The Tonto, the largest of the forests in Arizona, is divided as follows: Coconino, 60,416 acres; Gila, 1,333,999 acres; Maricopa, 485,161 acres; Pinal, 59,928 acres, and Yavapai, 174,284 acres.

The Tusayan forest is divided as follows: Coconino, 1,107,887 acres; and Yavapai, 166,970 acres. All of the Dixie forest, 17,600 acres, is in Mohave county.

REVENUE FROM NATIONAL FOREST PAID INTO THE NATIONAL FOREST SCHOOL AND ROAD FUND AND APPROPRIATED TO THE SEVERAL COUNTIES, FOR THE FISCAL YEAR ENDING JUNE 30TH, 1923.

County	Reserve	No. Acres	Amount	Total
Apache	Apache	440,583	\$ 2,920.77	\$ 3,447.53
	Sitgreaves	43,184	526.76	
Cochise	Coronado	483,219	3,161.57	3,361.92
	Crook	22,595	200.35	
	Coconino	1,229,778	20,437.87	
Coconino	Kaibab	738,894	1,454.60	39,886.78
	Sitgreaves	216,614	2,642.25	
	Tonto	60,416	438.66	
	Tusayan	1,107,887	14,913.40	
	Crook	318,128	2,820.83	
Gila	Tonto	1,333,999	9,685.62	12,506.45
Graham	Crook	397,019	3,520.35	3,520.35
Greenlee	Apache	749,628	4,969.54	4,969.54
Maricopa	Crook	2,300	20.39	5,141.22
	Prescott	173,110	1,598.28	
	Tonto	485,161	3,522.55	
Mohave	Dixie	17,680	112.18	138.40
	Kaibab	13,320	26.22	
	Sitgreaves	369,787	4,510.64	
Navajo	Coronado	384,693	2,516.94	2,516.94
Pima	Coronado	24,558	160.68	1,911.18
Pinal	Crook	149,084	1,321.92	
	Tonto	59,028	428.58	
Santa Cruz	Coronado	410,910	2,688.47	2,688.47
Yavapai	Coconino	359,172	5,969.13	21,228.56
	Prescott	1,272,403	11,747.77	
	Tonto	174,284	1,265.40	
	Tusayan	166,870	2,246.26	
		11,204,304		105,827.98

Comments Upon County "Budgets"

(Continued From Page Six)

to a guess. Nor, when one total leads to the belief that the general fund expenditures of a county were \$150,000.00, and another total shows over \$200,000.00 as the total of expenditures from the same fund, and the same estimate does not give anything to show the difference of, say, \$50,000.00 between the two totals, it surely is a guess so far as to what the real facts are.

County Books Should Be Prepared and so Kept as to Furnish Details For Annual Estimates

Without enlarging at too great a length upon the subject, it would seem that the county books could be so kept, that each item would show its own credit appropriation, and the amounts expended therefrom, all shown as to items and subjects, and all following a previously adopted itemized estimate. It would seem that such a system of books could be kept in each county, that the expenditures from each county fund, will appear as made, and the total of all expenditures a simple matter of final addition to the end of preparing a required annual county estimate. It is possible that the law does not in so many words require the keeping of any books which will make the compilation of the required estimates a simple task. But the county "estimate law" in one form or in its amended form has been a law since 1913. It requires that estimates shall be fully itemized, showing under separate heads the amounts required for each department, public office, and public official, and for each public improvement, for the maintenance of each public building, structure or institution, and for each school, and the salary of each public officer, and shall show the amounts proposed for the maintenance of public highways, streets, and bridges, and for the construction, operation and maintenance of each public utility, and shall contain a full and complete disclosure and statement of the contemplated expenditures for the ensuing year. So after a year's business is completed, and the new estimates are required to show actual expenditures, actual contingent claims, and actual encumbrances upon funds and balances in funds, with items and details of purposes of expenditures made for the fiscal year last past and included in the adopted estimates of expenditures of that year, the boards of supervisors of each county have the framework of what is required to be shown in their proposed annual budgets, which is certainly a framework around which to shape the required system of bookkeeping, of

county matters, that proper estimates for a new year may be presented to the taxpayers.

The law makes it the duty of boards of supervisors to prepare certain estimates as the basis of annual taxation in the counties and as the controlling factor of expenditures for county purposes. If for any reason the records of any county, its books, its accounts, its public contracts, are not so kept as to provide the means and make it possible to have figures, facts, and data, at hand, in order that the board may perform its duty as to preparing estimates, then it becomes and is the imperative duty of each board of supervisors to inaugurate such a system of books, records, and accounting, as will furnish that board a basis for making out the required estimates.

Counties Should Follow and Use Form of Estimates Prepared by State Tax Commission

The estimate law goes still one step further, it says that: "the form of such statements (estimates), shall be furnished by the State Tax Commission, to comply with the estimate law." The Magazine knows that such forms have been prepared by the State Tax Commission, and are readily available for use of county boards. The Magazine also knows, after going over the estimates actually prepared by and for the fourteen counties of the state, that such forms have not been used, in all the counties. The reason for this failure lies in the fact that some of the counties do not "keep books," to conform to the required standard form of estimates as furnished by the State Tax Commission.

It may be easier to put all county funds in one account, and have that account include all moneys available for the "general fund," for the "road fund," with all permanent funds such as sinking funds raised to retire county bonds, also included. It may be easier to pay any county warrant for any purpose included in the budget, if there is any money in the general account. But easy or not so easy, the county financial code does not sanction such a course as is followed in some counties in the matters to which reference is made. That code requires a segregation of items with respect to separate county objects and county purposes of expenditure. The code prohibits any expenditure "for any purpose not included in adopted budgets," it prohibits the creation of "any debt, obligation, or liability in excess of the amounts included in the budget." The prohibitions as to how funds may be used, as to how much may be used, and when they may be used when depending upon the receipt of "other sources of revenue," prior to use, all with such minuteness of detail, that any

county which fails to install a system of bookkeeping, with accounts kept therein with each purpose and object of expenditure, will not only find its finances in hopeless confusion at all times, but will find that its board of supervisors will be unable to submit to the taxpayers of that county such a budget estimate as the law requires to be submitted annually.

Taxpayers Should Not Be Compelled to Go Back of Estimates to Act Intelligently Upon Questions of Future Expenditures

It is assumed that taxpayers are ready to contribute to the necessities of county government. Taxpayers, both large and small may be assumed to take an interest in knowing just what those necessities really amount to in dollars and cents. The laws of the state have been so worded as to intend to provide the means through which the taxpayers may, annually, go over the balance sheet of the finances of the counties in which they pay taxes, and know what it has cost, and the cost of specific objects and purposes, for which money has been expended in their counties, as an aid in arriving at a conclusion upon the point of what it should cost for a new year. The law does not contemplate that taxpayers, either individually or collectively, will be required to dive into various books, papers, files, and records, to be informed upon the point of what the actual cost of a previous year has been. The estimate law, with its provisions, and in connection with the public hearings upon budgets, contemplates that with a properly prepared estimate before them, taxpayers may attend before the boards of supervisors, and go over the past, and intelligently discuss and consider with the boards, what will be necessary for the future, and the advisability of increased or decreased expenditures for that future.

The keystone of the whole structure of plans for a new fiscal year in county finances, is a properly prepared estimate. Without such estimates, taxpayers and county officials also, will face uncertainty and confusion as to county finances, and find no basis at all for knowing where the county stands, financially at any time.

It is finally suggested that every county board immediately take up the matter of any deficiencies in the county estimates prepared for the present year, immediately analyze those budgets by comparison with the forms prepared by the State Tax Commission, and with the estimate law itself. And follow up that analysis by installing such methods of bookkeeping and accounting as will enable those boards to comply with the requirements of the law in the preparation of future estimates.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TEN

PHOENIX, ARIZONA, NOVEMBER, 1923

NUMBER ELEVEN

AMOUNT OF BONDS OUTSTANDING JUNE 30, 1923 INCLUDING COUNTY, CITY, SCHOOL DISTRICT AND SPECIAL DISTRICT BONDS

County	Assessed Valuation	Outstanding Bonds	Percentage of Bonds to Assessed Valuation
Apache	\$ 9,355,348.00	\$413,473.50	4.41 %
Navajo	11,829,619.00	\$799,500.00	6.75 %
Coconino	20,524,854.00	\$806,000.99	3.92 %
Mohave	18,480,277.00	\$816,363.29	4.41 %
Graham	12,399,829.00	\$911,864.70	7.35 %
Greenlee	25,385,800.00	\$1,129,764.70	4.45 %
Santa Cruz	12,322,790.00	\$1,355,629.24	11.00 %
Pinal	48,641,848.00	\$2,245,238.08	4.61 %
Gila	114,762,166.00	\$2,311,410.18	2.01 %
Cochise	130,410,535.00	\$2,461,362.38	1.88 %
Yuma	21,385,568.00	\$2,815,691.11	13.16 %
Yavapai	103,726,282.00	\$3,364,501.97	3.24 %
Pima	55,477,774.00	\$5,635,039.05	10.15 %
Maricopa	112,299,316.00	\$17,437,871.91	15.52 %
TOTAL	\$697,002,006.00	\$42,503,711.10	6.09 %

The foregoing table does not include outstanding bonds of the state of Arizona amounting to \$772,972.43 of bonds which mature at different times ranging from twenty to fifty years. Nor does it include \$750,000.00 of tax anticipation bonds which are redeemable from tax collections of the present year. Nor does the table include all special district bonds, such as those issued for city paving. There are also several issues of irrigation district bonds authorized and upon the market for sale, the amount of these bonds represent nearly \$25,000,000.00 additional to anything that appears in above table.

EDITORIAL COMMENT

Will a Gas Tax Pay Out a Twenty Million Dollar State Bond Issue?

Every citizen in Arizona would be pleased to live in hopes that in 1947, the population of Arizona would approximate one million three hundred thousand people, and that each one out of an average of six and seven-tenths of the per capita of that number will be driving automobiles over a system of paved roads extending east and west across the north and south portion of the state, with diagonal and intersecting highways connecting those now projected cross-state links in trans-continental highways to link the east with the west by way of Arizona. The people of today in Arizona may dream of such prospects but when fully awake is it not plain to the present people that ideas which embody such remote possibilities are only dreams, and not practical probabilities.

New Highways Should Be Constructed to Meet Commercial Requirements And Not Primarily to Promote Pleasure

There are two lines of thought which are connected with, and find support in connection with highway construction. One line of supporters are for "good roads," that they may thus have the means at hand to get somewhere, and in fact to get everywhere their fancy may dictate, for travel, for sight-seeing, for touring as a matter of pleasure and hence as a luxury, rather than a necessity for travel. There is the other line of thinkers who look upon good highways as a business proposition, and as such of a necessary medium to increase the facilities for doing business between remote sections of the state, or as between the states. This latter line of thinkers thus adhere to the same rule of necessity which in the past transformed the trails of the west into wagon roads, and later into trunk line transcontinental railroads. A transformation which grew apace as the demands of traffic and commercial interests with business demands connected therewith, was sufficient to warrant the cost of financing each stage of that transformation. And even at the present time

it is not possible to readily finance new railroads, nor to extend the lines of those already in existence. Propositions to increase those modes of travel and freighting, are made and answered when the question of "will it pay" is answered and so answered with a safe margin in the affirmative. There are similar elements involved in a similar question connected with present day methods of building highways. That idea of borrowing the money upon bond issues for future payment, the question of interest payments and the sinking funds for final payment of the money borrowed; the question of maintenance and repair, that the principal investment in original construction may remain intact and unimpaired to the extent of being in shape for continued use not only until the bonds are paid, but for use at all times in the future to meet at such times the same demands of use as at the outset were present to induce the original construction. There is some similarity as between the old fashioned "excursion trains" of the railroads, and the more modern idea of "touring" upon highways. No lasting railroad has ever been constructed to accommodate those members of the public who patronized only the "excursion" trains, and such trains always have been recognized as an incident of railroads, and never have been recognized as a substantial basis for railroad construction. So in the matter of any bond issue for the purpose of highway construction, it seems that the real thing to be considered is the business and commercial features connected with any such bond proposition, and not the "touring" feature. The question of "will it pay the public" is the question to be solved, and also the question of whether the public can pay out the bonds which are to be issued, and do so according to the method of raising public funds proposed in connection with each bond issue suggested for the purpose of more highway construction. Thus it is believed that the safest line of thought is that line which looks to purely commercial aspects and finds the necessity for more paved highways due to the actual demands and actual progress of industrial and business relations be-

tween state points to be connected with the new lines of highways, and a line of thought which makes such a demand the only necessity to be recognized as one for any bond issue, leaving the pleasure and touring possibilities as incidents to result from the building, and nothing more. And the same line of thought for conservative thinkers, who before bonding will look ahead to the ultimate public obligations to be assumed, and ask the question and answer it affirmatively, can the public safely assume, in that it can afford to assume, and can the bonds be paid without risk of failure in the method of payment thereof included in the plans accompanying the proposition to bond for the new highways.

The Figures Which Are Involved in Increased Population to Increase Gas Sales Sufficiently to Retire Proposed Bonds

So when this article was prefaced by what is referred to as a dream, rather than a practical probability, that preface was induced by taking figures which have been compiled in reference to the "three cent gas tax" as a means of paying interest upon, and ultimately the principal of, a proposed state bond issue of twenty millions of dollars. The last census of the population of Arizona gives 334,000 as the total number of people in Arizona. Up to October 1, 1923, there are licenses upon 46,280 automobiles owned and licensed in Arizona. At the present time, one person in about seven of the residents of Arizona owns an automobile. The present year, according to estimates made, will show collections of \$640,000 on account of the three cents per gallon tax upon gasoline, that estimate being made upon monthly collections since the law came into effect, and on that basis estimated for a full year. The proposition to issue twenty millions of dollars in state bonds, and to pay those bonds, both interest and principal, from the proceeds of that three cent per gallon of gasoline tax, is based upon figures which include such an average yearly increase, as would finally in 1947, amount to an

annual collection of \$2,440,000 of such taxes in that year. So unless the per capita ownership of automobiles largely increased, or the consumption of gasoline per car per year increased, and assuming only that such per capita of ownership remained on a par with the increase in population between now and 1947, there would need be a population of over 1,330,000 people in Arizona to own automobiles enough and use gasoline enough to produce the necessary \$2,440,000.00 in gas tax of that year 1947.

The figures upon which the above estimate as to returns from a gasoline tax, are made, anticipate an annual increase of ten per cent in the consumption of gasoline. That means an annual increased use of automobiles by the inhabitants of Arizona who must pay such tax. As said above the present public in Arizona are supplied with automobiles to the extent of an average of one car to each seven persons. The real average is in fact one of a car between six and seven persons in the state. The important question then becomes from what new source, from what new demand, and what cause or causes, will increase the gasoline sales for Arizona at the constantly increasing percentage of ten per cent per year over a period of twenty years. **Will the population of Arizona increase at that rate, or what.** The actual increase in population in Arizona as shown by the census of 1920, covering a period of ten years, from 1910, was at the rate of six and thirty-five one-hundredths per cent per annum. During that period there were extra inducements towards new residents for the state. The Roosevelt dam project for the Salt river valley, the Laguna dam

project which reclaimed thousands of acres in Yuma county, and some other new irrigation and reclamation projects, all came into existence during that period. The influx of people to accept the opportunities so offered, and also offered through new and increased mining operations during that same period. The prosperity on all hands during the war period. These were all unusual conditions which tended to put the scale of increased population from what might be a normal and steady increase to one more nearly approaching what may be called a "boom" in Arizona, in crease. So far as the increased population in Arizona may have been the result of a "boom" it is safe to say that a portion of that increase will eventually, if it has not already, be shifted to other places, still seeking for other similar booming places. Whether the increase has in the past been more than a normally increased population is a question to be closely studied before the state is bonded for twenty millions of dollars with the expectation that increased gasoline sales will take care of those bonds during the next twenty year period. It must not be forgotten that the average increase in population for the whole United States, during the ten years from 1910 to 1920, was at the rate of one and forty-nine one hundredths per cent per year. If Arizona is to continue to increase its population at the rate of even six and thirty-five one hundredths per cent per year during the next twenty year period, that increase must largely come through the shifting of people from some other states of the country into Arizona. But can the present people of Arizona be safe in banking upon that increase at all. Yet that

is just what the public must do, if a twenty million dollar increase in state indebtedness is voted for highways. They will be banking upon even more, a ten per cent increase in gasoline sales annually during a twenty year period, as against an actual increase in the numbers of a consuming public of only six and thirty-five one-hundredths per cent per year.

If Not Paid By Gasoline Tax The Taxpayers Must Pay Bonds

One phase of the proposed bond issue is embodied in the statement that increased consumption of anything at all, whether gasoline or what not, can only come about through an increase in the number of consumers. Interest and taxes are sure to come. If the sales of gasoline do not increase sufficiently to pay interest and principal upon a bond issue, then the Arizona public must contribute in taxes to do so. A million dollars per year of interest must be paid somehow, if twenty millions of dollars of bonds are issued. That twenty millions of dollars must be paid within twenty years, if they are twenty year bonds. If the gas sales do not produce enough for these payments, the taxpayers must meet the annual deficit.

The inducement of the proposed twenty millions of bond issue, is "no direct property taxes." Taxpayers must study that inducement from all angles before it is too late. If not, then too late the taxpaying public may come to the realizing fact that it has agreed to a bond issue which ultimately will become a means of increasing the tax burdens of an already over-burdened tax paying public in Arizona.

Progress In Arizona and For Arizona

The people of Arizona have a state of which they may well be proud. Within its area of 117,000 square miles there is everything which tends to make life worth living, and lend a beckoning call to more and more persons from the outside world who desire a change from the hemmed in confines of more populated states, and who are looking for homes from which to enjoy life and surrounded by those things which bring happiness and contentment in the living. Artists have failed to correctly portray the scenic beauties of many of the wonderful natural works which nature has wrought in Arizona, failed because

those works of nature have never been duplicated elsewhere by nature itself, and the brush of mere man can never hope to copy that which nature itself has finished perfectly and finally in the originals. Of Arizona it may be said that its diversities in climate are such that result from its location and topographical surface, extending as it does from north to south, from east to west, from mountain heights to peaceful deserts. From perpetual snow upon mountain peaks, to never failing sunshine of lower levels, Arizona offers its invitation to pleasure and health seekers, to those who seek rest and placidity, and

to those who are looking for rugged adventures, sports to be derived from her forests, and in fact Arizona offers to all such as to satisfy the most exacting, and for that reason there is only one Arizona, but scenic beauty, and all the rest that goes with it, suggested briefly as above, is not alone all that Arizona offers to home builders.

Opportunities For Pleasure And For Business Ventures Are In Arizona

Those who view for the first time all the splendor of Arizona as a product of nature's finest art, may overlook those other grosser works which were added

(Continued on Page Six)

Comparative Statement of Aggregate Valuation on Each Class of Property in Arizona for the Years 1914 and 1923

	1914		1923		Increase or Decrease
	Number or Acres	Valuation	Number or Acres	Valuation	In Valuation
Irrigated Lands, or subject thereto	360,622.87	\$ 28,529,557.90	446,835.72	\$ 47,325,626.00	\$ 18,796,068.10
Value of Improvements		2,216,930.00		5,893,336.00	3,676,406.00
Dry Farming and Grazing Lands	911,522.92	4,053,206.78	5,994,549.17	22,955,730.00	18,902,523.22
Value of Improvements		1,554,710.00		3,598,465.00	2,043,755.00
Railroad Land Grants	3,110,298.66	2,959,805.17	4,084,374.16	3,298,867.00	339,061.83
Value of Improvements		1,700.00		22,250.00	20,550.00
Other Land Grants	299,197.48	1,140,645.40	166,775.20	616,652.00	523,932.00
Value of Improvements		44,204.35		58,485.00	14,280.65
Waste Lands	13,800.00	16,560.00	6,325.00	15,546.00	1,014.00
All Other Lands	513,845.57	5,230,454.00	26,727.60	831,025.00	4,399,569.00
Value of Improvements		491,195.00		387,575.00	103,620.00
Surface of Mining Claims				290,975.00	290,975.00
Value of Improvements				1,411,081.00	1,411,081.00
City and Town Lots		38,603,449.65		41,161,232.00	2,557,782.35
Value of Improvements		25,347,117.00		58,118,763.00	32,771,646.00
Productive Patented and Unpatented Mines		110,418,170.53		238,524,438.00	128,106,267.47
Value of Improvements		3,031,434.00		2,554,593.00	476,841.00
Non-Productive Patented & Unpatented Mines		5,998,797.89		16,041,344.00	10,042,546.11
Value of Improvements		541,811.00		1,080,366.00	538,555.00
Patented Mill Sites		30,244.67		106,221.00	75,976.33
Value of Improvements		6,500.00		4,250.00	2,250.00
Smelters and Appurtenances		11,418,748.08		28,934,492.00	17,515,743.92
Sulphuric Acid Plant				723,889.00	723,889.00
Concentrators		6,498,227.02		11,844,125.00	5,345,897.98
Mining Machinery and Supplies		7,635,385.37		21,213,512.00	13,578,126.63
Smelter Supplies		1,033,076.49		2,456,037.00	1,362,960.51
Saw Mills and Machinery				600,635.00	600,635.00
Standing Timber			73,524,800 Ft.	185,005.00	185,005.00
Lumber			36,597,827 Ft.	447,959.00	447,959.00
Banks		6,159,883.35		11,541,743.00	5,381,859.65
Merchandise		11,974,720.81		21,337,127.00	9,362,406.19
Furniture, Household and Office		1,998,196.00		6,903,882.00	4,905,686.00
Automobiles	3,285	1,955,954.25	38,230	12,137,488.00	10,181,533.75
Motorcycles	267	22,193.50	201	16,258.00	15,935.50
Street Railways, Miles of	51.3	464,300.00	40.48	399,885.00	64,415.00
Railroads, Std. Gauge, Miles of	2,192.499	89,203,373.50	2,425.10	100,241,033.00	11,037,659.50
Railroads, N. Gauge, Miles of	51.03	1,001,030.00	21.873	306,222.00	694,808.00
Industrial Railroads				252,328.00	252,328.00
Telephone Lines, wire Miles of	19,722.70	1,270,839.50	56,242.46	3,154,724.00	1,883,884.50
Telegraph Lines, wire Miles of	10,440.03	667,375.74	13,163.45	1,243,525.00	576,149.26
Gas, Electric Light and Power Plants		3,678,093.65		6,816,887.00	3,138,793.35
Water Works		1,584,136.23		2,280,905.00	696,768.77
Poultry, Dozen of	6,444 ² / ₅	32,546.50	29,595.50	295,058.00	262,511.50
Bees, Stands of	19,964	63,599.00	30,086	151,411.00	87,812.00
Ostriches	4,926	321,238.00			321,238.00
Horses and Mules	60,705	2,921,315.00	59,854	2,636,751.00	284,564.00
Cattle	740,803	18,851,180.50	921,270	20,738,863.00	1,887,682.50
Sheep	679,770	2,415,000.50	643,998	3,331,935.00	916,934.50
Goats	121,924	218,641.00	151,933	329,016.00	110,375.00
Swine	9,422	59,283.00	11,474	107,440.00	48,157.00
All Other Property		9,341,083.02		9,504,598.00	163,515.00
Total Value of All Property		\$411,075,413.35		\$714,429,753.00	\$303,354,339.65
Less Exemptions		3,808,020.24		17,427,747.00	
NET VALUATION FOR TAXATION PURPOSES		\$407,267,393.11		\$697,002,006.00	\$289,734,612.89

The table which goes with this article speaks for itself and shows in detail the assessed valuations of the different classes of property in the state, according to a classification list of property which was made by the State Tax Commission in 1914, and has been followed since that year up to and including the present taxing year, 1923. Reading the table across the page, and each class of property appears with the unit numbers assessed, the total assessed valuations and the ultimate increase or decrease in valuation of the property of that class as between the year 1914, and

the year 1923. Without repeating the figures, that table discloses substantially increased values for all kinds of rural lands and their improvements, like substantial increases in values of town and city property, lots and improvements thereon. Stocks of merchandise, furniture for household and office use, and the value of banking business, of the state show such increased amounts in

values, as mark a healthy growth in general business wealth of the state in the period covered by the table. With the ups and downs which in that period has given still larger assessed valuations of taxable property for several intervening years, it is quite safe to assert that the present values given are normal values, and being so, the increase to the aggregate of \$289,734,-612.89, arising from the difference in

aggregate assessed valuations of \$407,-267,393.11 in 1914, and the \$697,002,-006.00 valuation for the present year, is a fair indication that Arizona has been gaining ground in the way of population, home building, commercial and industrial pursuits, and with it all in average individual and aggregate of wealth in property during the ten years covered by the table given.

THE FEDERAL TAX SITUATION

Being a state taxpayers' association magazine, and having its field of efforts confined to state and local taxation topics and problems, this Magazine has seldom commented upon matters pertaining to "Federal Tax Situation," or the tax situation from the standpoint of the problems confronted in connection with financing the current costs of maintaining the government of the United States. At the same time that cost is one which must be considered and should not be entirely overlooked from the connecting link between the people of the state of Arizona, as the people of one sovereign state directly concerned as being such a link as joins into every problem which concerns the prosperity of the people of the entire United States. As one of the unit members, and as included in the "WE THE PEOPLE OF THE UNITED STATES" as the real source of governmental power, through which it is hoped to promote the general welfare of the people of both state and nation, every question of economy, every question of efficiency, every question bearing upon the minimum of public expenditures consistent with that much to be desired efficiency and economy, are questions of interest to Arizona taxpayers, whether those questions arise in connection with national taxation, or more directly in connection with state taxes. The final burden of it all, whether for the nation at large, or for the state in particular, is a burden to be shared either directly or indirectly by the people of Arizona. There are general principles, similar industrial, and other similar conditions involved in the theory of raising income for the support of any form of government, from that government of the largest and greatest nation of the world, to the management of control of the smallest school district, and those same principles permeate the methods, manner, and modes of handling public finances from the inception of an activity which calls for an appropriation from public funds in its support, and carrying on

through the actual expenditure of those funds and the proper accounting therefor, all so similar as to make general questions and general discussions upon any kindred subject included in such a broad scope, of interest to all taxpayers.

Having in mind therefore, all that is said above, it is with pleasure that the Magazine is able to quote extracts from an address of the Honorable Reed Smoot, United States Senator from Utah, which was delivered before the Western States Taxpayers' Association, and it is with regret that owing to lack of space only portions of said address may be so quoted as follows:

"Before the war the American citizens—I care not of what class, rich or poor—knew little about taxation. The tax burden upon the American people was so small that it was counted but a trifle; and what I say of America in that regard I can say of nearly every country in the world. Today it is quite different. The taxes now imposed upon the American people, the taxes that are imposed upon the British people, the taxes that ought to be imposed upon the French people, the Italian people, and might I add the people of nearly every country in the world, are a burden to be reckoned with, and it would be silly indeed if your representatives took into consideration only conditions as they exist today in forming tax legislation, for I say to the good people here tonight that I can't see very much hope ahead for the reduction of the taxes of the American people, as far as national taxes are concerned, for the next quarter of a century. There may be a few years, between now and say eight years, that the taxes will fall to three billions of dollars a year. After that, I think most of you have heard me say, I expect them to increase. Whether or not the business of our country will increase sufficiently to meet that extra expense that is bound to fall upon the American people in the form of taxes, no human being can tell; but it will have to increase. Our industries must prosper

and grow. Our incomes must not fall short in the percentage of the wealth of the country from what they are today, if that can be done within the rate of taxation imposed today. * * *

"No tax passed by Congress will ever be satisfactory to the people until these laws are just to all taxpayers. I know that the trend of national legislation and state legislation is to place the tax burden upon just as few voters as is possible, in order to raise the necessary money. I know that when hearings are called and when committees meet behind closed doors you hear men, supposed to represent United States industries of all kinds, and every class of people to be found in all the country, who will positively refuse to consider an increase, but who will fight for a reduction, because of the fact that they have within their state, or within their congressional district, people who are vitally interested in that particular question and no other. They are perfectly willing to remove all taxes from that industry, or from that class of people, and impose it upon the class where the smallest number of people are affected. * * *

"May I stop long enough to say that I think that the passage of the Budget Bill is more responsible for the absolutely unexpected decrease in the appropriation than any other reason. You know we have a rule in the senate of the United States, particularly when appropriation bills are under consideration, that any member of the committee can make a point of order against any appropriation asked for on the floor of the Senate and against any amendment that may be offered, unless it has been sanctioned and recommended by the head of the Bureau of Budget. If it were not for that rule and if it were not for that magnificent American who now stands at the head of the Budget, do you think that we could have kept appropriations down to where they are? It would have been an absolute impossibility. * * *

"I don't know, my friends, but what
(Continued on Page Six)

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The Federal Tax Situation

(Continued From Page Five)

I should say that it is your duty, and it is the duty of every conservative man in the United States, to let the American people know your views. I have observed that some of the greatest speeches ever delivered in the Senate have been passed unnoticed by the press of the country, with the exception of the mere announcement that the speeches were made; while at the same time the papers have given page after page, day after day, of notices to the blatherskite who curses and denounces all men who try to build up the industries of this country. The American people ought to be informed as to the burdens carried by American industries and the object of your labors. I think that many of your associates now located in Washington have come to that conclusion. Better for you and better for the country when the day is here.

"I thought perhaps I would close in this way:

"Our principal business should be improvement. Let our age be the age of improvement. In a day of peace let us advance the arts of peace and the works of peace. Let us develop the resources of our land, call forth its power, build up its institutions and promote its great interests. Let our object be—our country, our whole country, and nothing but our country. One heart, one hand, one flag, one land, one country."

Progress in Arizona and for Arizona

(Continued From Page Three)

in the making. Those viewers may be so carried away with rapturous admiration of what is pleasing to the eye, and forget, that side by side with the causes of such pleasures, the entire area of Arizona offers a multitude of opportunities as invitations to those who must toil to live, and who must live from such toil. Opportunities upon every hand presented as the creator of the universe placed them all, and which through ages past have remained practically undisturbed by the work of man in the advance westward of modern civilization marked by the progress of industries, the adaptation of natural resources to the demands of trade, commerce, and business in general, and all resulting in the wealth and material values which in the past century has placed the United States in the lead of other nations. All those opportunities are here. It remains for the present people and their successors in the heritage thereof to develop them for personal profit, and for the general continuation of the line of progress, resources, and wealth which has reached from the east and finding fields for maintaining the steadiness of that line, in what is before it in Arizona.

Arizona Has Progressed In Population And Wealth In Past Ten Years

Looking backward over a period of ten years, the people of Arizona may well be proud of its showing made during that period. That some portion of the people of the whole country did, during that period recognize the opportunities awaiting them in Arizona, is evidenced by the fact that while the population of the whole United States increased fourteen and 9-100ths per cent, that of the state of Arizona increased sixty-three and 5-10ths per cent, during that period, as nearly as the figures of population can be found in the latest census.

Still looking backward over a period of ten years, and it will be found that the taxable wealth, as shown by the tax rolls of the state for the tax year 1914, and again for 1923, shows an increase in the assessed valuation of that property from a total of \$407,267,393.11 in the earlier year to a total of \$697,002,006.00 in the latter year. The details as to that increase are to be found in a table published in this issue. Those details are not so material to the subject of this article, as the fact that some where among those details some man, or class of men, and in fact in the aggregate of all classes, so far as those classes are made through being owners

of property as that property is classified and assessed for taxation purposes, in their individual and collective capacities, energies, and abilities, have brought about that increased value of the wealth of Arizona.

There has been progress in ten years, more progress than could be expected from the conditions which have controlled during that period. And, for the present future every citizen of Arizona is looking with hopeful eyes to a continued development, and to still further increase in material wealth which comes therefrom. Those citizens may differ in ideas as to methods to be used to keep the ball rolling down hill so that like a snow ball it may increase in size with each time it turns over, and increase at all times during that turning, but all citizens are imbued with the same desire, they are all for Arizona, all for the greatest Arizona possible in the future, so made possible through the opportunities here present. The only point of difference lies in the manner for action.

Our People Knowing The Obstacles To Success In Virgin Undertakings In Arizona Should If Possible Lessen Those Obstacles To Newcomers

The pioneers of the state whose station in life has been made practically from virgin soil among the opportunities which they found and accepted all know too well that grade was more or less uphill from starting with a capital of self reliance, dogged determination, and unceasing persistence for success. Arizona wants and needs more of that same class of men and women. To a large extent, Arizona may still be classed as a pioneer state. With the future, and with more and more pioneers coming within the state to grapple first handed with the problems involved in the particular opportunity which to any of them seems just the one opportunity, those new comers will find, and will have to overcome many of the same obstacles which the pioneers of the past met and brushed aside to their present success.

There have come into existence new and increased obstacles not encountered by former pioneers to the same extent which those obstacles will confront a new generation of pioneers. In the earlier day, the demands of the people of the then territory upon governmental activities were few in comparison with the present demands of that class. In consequence, the burdens of taxation as a means of paying for the cost of such government as existed was, by comparison, a light burden to the similar burdens of taxation of the present period. If it is true, and it is believed to be so, that even the most forehanded among

our citizens, who ten years and more ago were the pioneers of those days, are now feeling the burden of present day taxation. Through their energies and perseverance those pioneers have lessened and in many cases entirely removed every other obstacle in the way of now enjoying in their old age, and for the benefit of themselves and their families, the fruits of past labors, as it was their aim to do at the start, but with it all, there has been that steady increase in taxes due to the increased numbers of activities and enlargements of purposes for which taxes are now collected. This increased taxation is the remaining problem of real success, even to the present inhabitants of Arizona. That being so, let consideration be given to those to whom the opportunities are still waiting, to those whose same ambitions, whose same pioneer spirit, and whose same and similar energies, if united to and added upon what is now Arizona, such consideration as will tend to so far decrease the rate and actual aggregate of public burdens that such burdens will not at the outset put such an obstructing barrier around the many remaining chances of homeseekers, home builders, and those seeking investments in Arizona, and future residents of our state, and such action as against any such prospective barrier in the way of present and future tax burdens, as might be a barrier to turn the steps of such homeseekers and home builders as may now be directed towards Arizona, towards some other haven of final destination.

Increased Tax Burdens Is A Most Serious Feature Found By Prospective New Residents For Arizona

To the pioneers of the past, and to the pioneers of the future there was and will be a common starting point. It makes no difference whether the start is upon newly redeemed desert lands, made into agricultural land by reclamation, nor any difference whether the start is made upon a prospect hole which is to follow a newly discovered mineral outcrop. The pioneer starts with his brawn and brains, and his determination to succeed. The problem of ready money to finance living expenses until returns can be brought out from pioneer work, is still a similar point to what existed among prior pioneers. Taxes, interest, and death, were three certainties to be encountered. The money for the first two of these certainties has always been the serious drawback to new endeavors in pioneer fields. But up to date the connection between the first and last of the three certainties, was not so closely completed as at present. The pioneers knew they would have some taxes to pay, knew they would have to get credit and pay interest at times, but

they did not fear that they "would ever be taxed to death," in the sense, that even when their endeavors were otherwise apparently in a paying condition, the taxes to pay, turned profit into loss, and success into practical failure, for no reason at all, than meeting the "tax man" at tax collection time.

The people of Arizona to whom a greater Arizona is a remaining ambition, and to realize which ambition are holding out the opportunities of this state as alluring ones to be taken up by the people of neighboring states who are upon the lookout for just such chances, all know that such opportunities are really open to such as may come. The people of Arizona want those newcomers. Nature for Arizona, and the present people thereof have joined in an invitation to the world to become pioneers among the virgin fields for success still here. But nature did not create taxes and tax burdens. And the people of Arizona should guard carefully against such action on their part in connection with that invitation, as will not make the prospective tax burdens, increased and still increasing as those taxes are and have

been since earlier statehood days, the one controlling reason why persons who might otherwise become home builders and neighbors in our midst, decline with thanks.

Get back to nature, is a slogan which is finding advocates throughout the width and breadth of our country. This is only another way of expressing the idea that people should get from nature's opportunities the production which will become their support. Arizona wants and earnestly desires thousands of people who are sincerely voicing that slogan as a banner for success. The people now in Arizona should pave the way for a march into this state of those thousands, and do so, not by increasing public tax burdens, but by using every effort towards reduction of the tax burdens which now exist, and by doing everything else which will make this state the mecca to satisfy the bearers of that slogan into Arizona.

Such a course as above suggested will surely mark the way for progress in Arizona, and for Arizona, with progress and prosperity to her people going hand in hand into the years yet to come.

Comments Upon the Continuing Fixed Tax Burdens in Arizona

Once in a while at least the merchant and business man "takes stock" so to speak, that he may know where he stands with the world. Things may apparently be running smoothly, his business may appear to be thriving, his store may be filled with all kind of activities in the way of sales which should speak for profits, but what that business man wants to ascertain is whether the business is running to the end of profits or whether the real balance sheet upon an accounting of that business, will show "in the red." Naturally that business man wonders whether the business has been artificially expanded to an extent and with the result that the overhead operating expenses, and other fixed charges which must be cared for out of the anticipated profits have either reduced those profits, or entirely eliminated them, as compared with earlier stages of the same business, conducted with less overhead, through simpler methods of transacting the business, with larger profits. To that business man the vital question which concerns him is of whether the business can support itself as it is presently conducted. So in public matters, every member of the public should take a reflective view of every financial condition which may now or hereafter tend to effect the ultimate progress of the state, the county, the

city, and the school district in which that member is interested. Reflect upon the question of whether newly proposed public improvements, more and better highways, larger and more state-ly public buildings; reflect also upon proposals which have to do with discarding present public utility facilities, for newer more pretentious, but no more serviceable new ones, all at increased cost to the public, and if those improvements are to be made through bond issues, then all at the continued and recurrent increased overhead expenses of public business, continued during periods of fifteen, twenty, twenty-five or more years until those bonds have been paid. Annually increased burdens either in direct taxes upon property, license taxes, or taxes upon sales of commodities, such as gasoline. No matter the form of the tax, it develops its proportionate share of all tax burdens in whatever form those burdens may be imposed to support current public activities, and pay interest and annual installments of principal upon public bond issues. The conservative citizen will ask himself the question does it all pay. Will ask himself the question of whether the foundation for future general public progress and prosperity is being laid upon a substantial base, when that base is composed of public bond issues and

the superstructure necessarily to be of constantly increased taxation to build and support what has been built in the past. These are simply questions to be asked and an answer made thereto when that conservative citizen is confronted with still more proposals in the shape of further new bond issues, and when confronted with large proposed expenditures of public money for new projects of doubtful necessity to the end of general progress of the state or its communities. To that conservative minded person, it must appear that a line should be drawn somewhere, beyond which line the present public must not go, if it hopes to construct surely and safely for the welfare of the present and the future public of the state.

Some of the Amounts of Present Public Debts in Arizona Represented by Bond Issues and Other Liens

If in the course of the reflection above suggested, full significance and full weight as to future consequences is given to the fact that the whole public of Arizona, is already directly concerned with outstanding bond issues of over \$43,000,000.00. The direct burden of these bonds as it falls directly upon the taxpayers of the whole state, upon the several counties as to county and city bond issues, appears in the table upon the front page of this Magazine. The reclamation project in Maricopa county is indebted to an amount of approximately \$10,000,000.00 more than the amount of voted bonds appearing in that table as bonds issued in Maricopa county. This \$10,000,000.00 is a direct lien upon every acre of land under the Roosevelt dam. The Lyman dam project is indebted to the state, and the state in turn owes to its various trust funds created by the Enabling Act, to the amount of over \$715,000.00. Several millions of dollars due and represented either by irrigation district bonds, or liens upon reclaimed lands and due for advances made by the United States to such projects are spread over other reclamation projects in the state of Arizona.

In a recent issue of the Magazine it was shown that over \$20,000,000.00 represented in direct taxes and other revenues of the public, has been made available to meet the expenses of all state, county, city, town, school district, and other districts, in the state of Arizona for the present year. The citizens of Arizona now see in the horizon, the rays of a proposition to bond the state for twenty millions of dollars for money to construct more highways. This proposition means that from some source, at least one million dollars per year must find its way into the state treasury to pay interest upon such an issue of bonds.

This proposition means that at least four per cent of that total must be raised and paid into the state treasury as a redemption fund to finally pay the principal of those bonds. This proposition includes a plan to expend this twenty millions of dollars, with five millions of dollars of Federal Aid funds, (anticipated), during the next four or five years, thus increasing the state investment in highways by twenty-five millions of dollars during that period. The state highways constructed to date, with state funds and Federal Aid funds amounting to at least \$5,350,000.00, represents a present investment of nearly \$9,000,000.00 in federal aid roads. Within the period of five years, should above plans carry through, the state would have a highway system of the initial cost of between \$34,000,000.00 and \$35,000,000.00, with the burden of maintaining that entire system. Authorities differ as to maintenance cost of paved highways. That maintenance cost must differ in different localities according to the topography of the country traversed by such roads, and according to conditions, such as damaging cloudbursts in mountain country and upon desert inclines, with their consequential damage and possible destructive results upon highways. It seems safe to say that three per cent per annum based upon first cost, is not an excessive percentage to be devoted to maintenance of such a system. Using that percentage at least one million dollars per annum will be required to maintain such a proposed system when completed. In mileage, the system will include about fifteen hundred miles out of about twenty-one thousand miles of highways of all kinds now in Arizona. Those other highways must have attention, and the burden thereof will rest somewhere upon the public, in addition to the particular burdens of the proposed state highway system.

Some Percentages Which Public Debts Bear to Irrigated Lands in Maricopa County

Public bonds are in effect public mortgages. Maricopa county in all its various cities, school districts and other districts has an aggregate bond issue of over \$17,437,000.00. Let the conservative rancher in Maricopa county ponder upon the foregoing figures. Let that rancher remember that his ranch is already bonded 15.52 per cent of its assessed valuation. Let that rancher not forget that another twenty-eight per cent of the assessed valuation of the irrigated land from which an annual income must be derived to meet public burdens and living expenses, is a percentage of incumbrance represented by the unpaid

balance of the original cost of the Roosevelt dam reclamation and new bond issues of that project, all totaling over \$10,000,000.00. That these are fixed charges and fixed liens and must be paid before that rancher holds clear title to the lands referred to, even though that payment extends over a period of years. Substantially forty-four per cent of the assessed valuation is included in public indebtedness as that indebtedness already exists against irrigated lands in Maricopa county.

Out of the \$20,000,000.00 of taxes and other revenues to be collected for the present year for support of all public activities in the state, on a average based upon assessed valuations of property, that revenue calls for an annual contribution from that same reflective rancher, of two and 8-10ths per cent of the assessed value of the ranch upon which taxes are paid. True, that percentage is not all direct tax. But the payment is made indirectly, through increased costs in operating, increased living costs, and the like, which finally comes home to the rancher when payment is made for the necessities of life, for farm labor, for tools, equipment and other supplies.

It is easy enough to add twenty millions of dollars to the above burdens. That amount would represent only another sixteen and 11-100ths, or \$3,111,000.00 in the portion which would finally and on the average, and according to present assessed valuations, fall to the share of Maricopa county of burden of that issue. Just another two and 8-10ths per cent of added bond burden to each acre of irrigated lands in that county.

The dreams of pleasure which might come in anticipation of paved highways upon which to travel criss-cross, up and down, through the state, and to the seductive shores of the Pacific with attractive California resorts adding sweetness to such dreams, may become nightmares of bonded burdens, in the real awakening, unless the Arizona public, not alone the ranchers, but all that public, reflect well upon the present actual burdens, before voluntarily assuming more of the same kind of burdens.

The real situation shows that the wheels of progress and prosperity are seated rather deeply in a hard going rut at the present time, when all conditions, and when all current public requirements, and when all present public burdens represented in bond issues, and other debts of equal significance, and it may be well to get those wheels upon firmer ground, and into the way of easier going before loading up with more of the same kind of dead weight, and so push those wheels in still deeper.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

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NUMBER TWELVE

THOUGHTS FOR NEW YEAR'S RESOLUTIONS

We are all for Arizona. We are all imbued with the ambition to see the star which represents our state among the stars in the union of states, shine forth with attractive brilliancy, and beckon to thousands of earnest workers, and builders for progress, to join with our people for greater advancement, for still greater achievements in real progress to the goal of real success. The experience of ages has been that real empire building has come about through the habits of an earnest people, controlled by a ruling spirit of thrift and conservatism, as distinguished from habits tending towards indifferent regard as to future consequences, if present desires for ease and luxury may be satisfied. Real empire building through persistent, earnest and united efforts of the entire people, with no place reserved in their plan of advance for shirkers, drones, nor for those to whom the substantial results obtained through the efforts of others, would if possible be converted into immediate assets for still further indulgence in ease and luxury for them, while others toil on for real progress and permanent building. As builders, for individual success, it is imperative that each, assume the necessary burdens found in the line of progress. As builders for public advancement and so collectively as the individuals whose actions for the present may shape present public attempts, and even speak into the future, our people must willingly assume the necessary burdens incident to real public progress, and just as quickly refuse to create burdens for the present public, which will impede real progress now, and which may become as millstones in the way of continued successful advance by the public of the future, when the burdens now imposed are added to the really necessary burdens in the future then found to be necessary to a public progress towards continued and permanent success.

History shows that thrift and economy, persistent and steady efforts have in the past resulted in individual successes. Has shown that public progress has been more sure, when attempted along the same lines of conservatism which reflected the rules of action controlling individual progress and success.

History repeats itself and speaks to the present people of Arizona, and urges that people to consider those elements which have brought slow but sure progress in the past, in contrast with the urge of the impatient to undertake a possibly but apparently more speedy, but as yet untried means to the same desired end, and that the public as between the two courses may shape its policies of action, to the end of a really greater Arizona.

EDITORIAL COMMENT

The Necessity for an Established System for Uniform Accounting in Public Expenditures

The taxpayers of Arizona as individuals, and numerous local organizations are realizing the necessity for establishing, if possible, a more economical administration of public affairs. Their work is hampered from the outset through lack of definite information in the way of specific classification of the expenditures, lack of aggregates based upon totals expended for each such a class, and in consequence, an absence of such details from which to work out what expense might be cut off entirely, or might be lessened in amount, and proper financial support still given to all necessary public activities.

Of what value is a county estimate law, if its requirements as to items, details, and specifications as to proposed public understandings in the county for any given year, if that law is not followed in the spirit and purpose, through the financial transactions of the county for a full year, so that when the end of one year arrives, the actual expenditures of county funds can be checked against the proposed and thought to be necessary expenditures shown by the estimate for that year, and the result given in concrete and comprehensive figures.

The Spirit and Intent of Budget Laws is to Provide Basis for Practical Accounting in Public Finances.

Of what value is the state budget law or the state financial code, if in actual practice and application to state finances, those laws are not followed according to their spirit and according to their real purpose. Being a purpose of furnishing the groundwork to control actual expenditures of any year of state business, an additional purpose of confining those expenditures to pre-arranged and pre-determined objects and purposes of the public, and being for the final purpose of showing just the groundwork necessary to enable the public itself, and the legislative representatives of that public, to judge as to where economy may be accomplished and still retain an efficiently working state government. The public can examine the reports of its state officials and see that some \$9,101,377.91 was the total of gross expenditures of the state for a

given year, they can ascertain that this total includes transfers and other deductions not real expenditures. They can go through a mass of figures, collected under such general heads as "legislative," "health, penal and charitable," "administration," "agricultural," "public works", "educational" and several other general heads and ascertain that certain amounts were expended during a fiscal year, for public matters attributed as belonging to each of such general heads. It may be enlightening to know that forty-seven and 43-100ths cents out of each tax dollar collected for state purposes goes for educational purposes in the state of Arizona from the state portion of funds used for those purposes. It may be some satisfaction to know that fifteen and 82-100ths cents out of each tax dollar paid in state taxes goes for state public works, and so along down through a list of per centages related to the several general headings of state governmental purposes. The would be economist in connection with public affairs may become letter perfect in per capita costs, in relative percentage costs as among the general purposes for which state money is expended. But even with that perfection that economist can get no further in a real effort toward possible reduction in the total of taxes, for the sole and simple reason that in the absence of a complete special audit of the actual claims presented through the State Auditor's office, the answer to the question "why" it costs this amount for educational purposes, why the other amount for public works. That economist is wholly unable to ascertain whether the same class of actual expenses, in a class common to the conduct of the schools, of the university, and of the other departments of state are equalized over all, and procured for each at a correspondingly minimum figure of cost. If that same economist pursues his investigations into county financial matters, no data for comparison of cost of items of operation similar to items of expenditure somewhere injected into the state expenditure aggregates will appear in official reports. If it is attempted to compare the cost of county government in the several coun-

ties of the same class of counties, in order to ascertain just why it costs more to run the county government of one county than another, again the investigation stops almost at the start. The schedules of regular salaries of officers is fixed by law. The salaries of other employees of the county are fixed by the heads of the respective county offices with the sanction of the boards of supervisors. The numbers of extra county employees is also a matter left in each county to the control of the same authority, i. e. the head officer and the board of supervisors. The question of administration of justice from the standpoint of the expense thereof county by county varies according to the methods used and adopted in each. In the matter of administering justice and expense of the courts, some of the counties increase the numbers of attaches of the sheriff's office. Others have special investigators connected with the county attorney's office. Others have repeated sessions of grand juries, while still others use the procedure based upon complaints and examinations made before justices of the peace. In civil matters connected with the courts, in some counties litigants are required to pay the jury fees for trying cases, in other counties such fees have been almost wholly disregarded and go uncollected. In some counties the jurymen upon regular panels draw mileage for each and every day's attendance, without regard to whether they in fact return to their homes nightly or not. It is not the purpose of this article to appear to criticize any officer of any county for what may have been action which contributes to the differences as between counties in the matter of aggregate costs of conducting similar offices in other counties. The purpose of this article is solely to use those differences in illustration of the reason for the head of the article itself. The very fact that such differences in operating expenses of similar public offices in the various counties, the very fact that similar purchases for public offices, whether of state, county, or city, of school districts, or other public agencies, vary in costs. The very fact that even under such general heads, as salaries, supplies, repairs,

maintenance, travel, operation, and contingent, there exists no rule for distribution among such heads, similar items which in case of doubt may be deducted from appropriations made for one or the other necessities of such heads, is, with the other facts pointed out, quite controlling argument based upon facts, in favor of some simple, uniform, and specifically certain mode established, and made effective, to the end of establishing what would in fact be a uniform system of bookkeeping and accounting as to all matters of public expenditures.

The Main Essential of an Accounting System is to Show for What Money Is Actually Expended

The point may be further illustrated by taking the case of two neighbors and friends as between whom the question of how much it was costing them to support a similar number in their respective families. If one should ask the other how much it cost for John's shoes, or Mary's dresses for a year, and how much his wife expended for groceries, and for other items of expenditures for household necessities, there could be no satisfactory comparison if the answer was in effect, "I just make each of my children an allowance, and make my wife an allowance for the household, and so I don't know, just what the money is spent for." The person of whom such an inquiry might be made, may have kept an accurate account as to the allowance amounts allotted to each of his children, and to his wife. That person might know to the cent just the total yearly cost to him of maintaining his household. Yet, if hard times struck, the accounts kept by him would not aid in an

effort to cut out unnecessary expenditures from John's allowance, nor from Mary's nor from the allowance for general household maintenance. That householder would be in no position to say to John, or Mary, or his wife, "go a little light here, and let's get along without this or that for a time," and in fact would be in just the same position as the general public is today. The situation demands more economy in the running of public affairs, but, in the absence of such a uniform system of simplified and easily understood classification of public expenditures, that public cannot tell where to start towards that economy. The other neighbor may have kept an account showing what his John spent his allowance for, may have required an actual report showing the details, and may have pursued that same plan in connection with his other household expenses. He would be in a position then to at least go over the question of possible reduction, and intelligently weigh the necessity for each with a view of eliminating what could be eliminated. If both neighbors kept books according to the latter method, the result of a friendly conference upon the subject of what might be cut from the household expenses of each, and still get along just as well, could be talked over and considered with benefits to each. If it were discovered that one John was paying too much for the same style of shoes, or Mary too much for her outfit, or that the respective wives were paying different prices for the same standard articles for household use and consumption, those two neighbors would then take advantage of what such a friendly talk deve-

loped. There would be but one conclusion and but one result of such an interview. Why pay more, when you can get the same thing for less, would be the question that head of the family would ask the members of his family.

A Simple and Exact System of Accounting is Essential to Action Towards Economy in use of Funds.

If the public in Arizona are really concerned in real efforts towards reduction in public expenditures, as a means of reducing the present tax burdens of that public, it is believed that the first step to be taken as one towards such a reduction, is and will be in the installation of such a universal system of accounts connected with all public expenditures, that from an annual balance sheet from each office, each department, each school, and every other public institution, there will appear such details as will permit of actual comparison. Such a system as will disclose whether one office, one department, one school, or one other public institution, is costing more through paying more for the same supplies, the same services, the same class of repairs, equipment, maintenance, and what not, in comparison with each and every other state agency. With such a system, the public could say to the legislature, this activity can be done away with, this line of expense can be lessened, and the appropriations reduced accordingly.

The Magazine hereby repeats its oft times suggested necessity for such an accounting system as mentioned above, as a necessary means towards the end of real economy in the matter of public expenditures in Arizona.

Utah Taxpayers' Association Endorse Reduction In Federal Taxes

The Utah Taxpayers' Association goes upon record in favor of reduction of taxes of all kinds, by recommending an effort towards reduction of Federal income taxes and endorsing the recommendations to that end made by the United States Treasury Department by adopting a resolution as follows:—

RESOLUTION

**Passed by Utah Taxpayers' Association
December 4, 1923.**

The General Committee of the Utah

Taxpayers Association, composed of authorized representatives of farming, banking, manufacturing, mining, merchandising, livestock, railroad, public utilities and home owning interests in this state, endorse in principle the plan for a substantial reduction in Federal taxation as enunciated by the United States Treasury Department.

It is our firm conviction that the execution of the plan will result in material and lasting benefits to our entire American citizenship and will inaugurate an

era of substantial prosperity, increased production and employment and a greater development of the nations' resources."

Among the tax burdens by citizens who pay federal taxes from Arizona, an aggregate of \$1,164,000.00 in income taxes was paid last year. Such taxpayers will be interested in any steps which may properly be taken towards reduction in amount to be paid, which may come from more economy in the matter of Federal expenditures.

A Statement of Distribution of Net Total Expended From General Fund During Fiscal Year Ended June 30, 1923, by State, as Taken From Statement No. 2, State Auditor's Annual Report for Year Ending June 30, 1923

1. LEGISLATIVE LAW AND JUDICIAL:	Gross Expenditures	Less Transfers and Other Deductions not true expenses	Less None-Tax	Net Tax Money Expended	Percentages of Tax Money
Legislature	\$ 90,642.13	\$ 5,000.00		\$ 85,642.13	
Superior Judges	\$ 36,133.21			\$ 36,133.21	
Court Commissioners	\$ 35.00			\$ 35.00	
State Library	\$ 9,843.96			\$ 9,843.96	
Attorney General	\$ 22,134.13			\$ 22,134.13	
Supreme Court	\$ 28,426.31			\$ 28,426.31	
Expense, Committee on Banking and Insurance	\$ 5,000.00			\$ 5,000.00	
Investigation of State Highway.....	\$ 42,573.29			\$ 42,573.29	
	\$ 234,788.03	\$ 5,000.00		\$ 229,788.03	\$.04820
2. HEALTH, PENAL AND CHARITABLE:					
Superintendent of Public Health.....	\$ 26,277.96		\$ 9,750.99	\$ 16,527.96	
State Laboratory	\$ 5,546.12			\$ 5,546.12	
Child Welfare	\$ 29,569.39	\$ 10.44		\$ 29,558.95	
Industrial School	\$ 64,625.66	\$ 28.64	\$ 6,010.30	\$ 58,586.72	
Pioneers Home	\$ 55,694.64		\$ 1,951.48	\$ 53,743.16	
Prison	\$ 169,125.32		\$ 4,972.28	\$ 164,153.04	
Asylum for the Insane.....	\$ 168,057.51		\$ 6,344.39	\$ 161,713.12	
	\$ 518,896.60	\$ 39.08	\$ 29,028.45	\$ 489,829.07	\$.10275
3. MILITARY					
National Guard	\$ 65,000.00			\$ 65,000.00	\$.01370
4. EDUCATIONAL:					
Common Schools	\$ 1,966,203.39	\$ 1,077.26	\$ 522,852.10	\$ 1,442,274.03	
Vocational Education	\$ 59,677.68			\$ 59,677.68	
Tempe Normal School	\$ 155,724.92		\$ 4,479.14	\$ 151,245.78	
Northern Arizona Normal	\$ 147,818.00	\$ 441.63	\$ 4,479.18	\$ 142,897.19	
University of Arizona	\$ 792,748.08		\$ 342,469.61	\$ 450,278.47	
County Scholarships	\$ 6,882.33			\$ 6,882.33	
Pioneers Historical Society	\$ 1,440.00			\$ 1,440.00	
Vocational Rehabilitation	\$ 1,792.40			\$ 1,792.40	
State Historian	\$ 4,932.95			\$ 4,932.95	
	\$ 3,137,219.75	\$ 1,518.89	\$ 874,280.02	\$ 2,261,420.83	\$.47438
5. ADMINISTRATION:					
Governor	\$ 29,544.45			\$ 29,544.45	
Auditor	\$ 23,425.50			\$ 23,425.50	
Banking Department	\$ 21,618.03	\$ 500.00		\$ 21,118.03	
Treasurer	\$ 29,315.73		\$ 10,249.00	\$ 19,066.73	
Tax Commission	\$ 26,656.35			\$ 26,656.35	
Arizona Corporation Commission ..	\$ 63,382.77			\$ 63,382.77	
Secretary of State	\$ 46,875.67	\$ 2,060.00		\$ 44,815.67	
Mine Inspector	\$ 16,352.71			\$ 16,352.71	
Board of Directors	\$ 17,236.76			\$ 17,236.76	
State Examiner	\$ 8,552.84			\$ 8,552.84	
Water Commission	\$ 36,853.62	\$ 135.50		\$ 36,718.12	
Board of Pardons and Paroles.....	\$ 880.10			\$ 880.10	
Inspector of Weights and Measures ..	\$ 4,181.90			\$ 4,181.90	
Game Warden	\$ 4,865.94			\$ 4,865.94	
Land Department	\$ 53,790.94			\$ 53,790.94	
Loan Commission	\$ 462.32			\$ 462.32	
	\$ 383,995.63	\$ 2,695.50	\$ 10,249.00	\$ 371,051.13	\$.07783

6. AGRICULTURE:

State Fair	\$ 78,163.04	\$ 400.00	\$ 77,763.04	
Agriculture and Horticulture	\$ 39,669.32		\$ 39,669.32	
Live Stock Sanitary Board	\$ 108,896.89		\$ 52,123.43	
Cooperation Biological Survey	\$ 14,999.63	\$ 43.56	\$ 14,956.07	
Dairy Commissioner	\$ 6,781.86		\$ 6,781.86	
Veterinarian	\$ 3,246.83		\$ 3,246.83	
Sheep Sanitary Commission	\$ 7,323.79		\$ 7,323.79	
Northern Arizona Fair	\$ 4,999.80		\$ 4,999.80	
	\$ 264,081.16	\$ 443.56	\$ 206,864.14	\$.04339

7. PUBLIC WORKS:

Highway 25 Per Cent.....	\$ 2,798,235.96		\$ 171,622.14	
Highway 75 Per Cent.....	\$ 277,641.83		\$ 277,641.83	
Capitol Building and Grounds.....	\$ 39,857.91		\$ 39,857.91	
Road Emergency	\$ 75,790.46		\$ 75,790.46	
State Road Equipment.....	\$ 50,000.00		\$ 50,000.00	
Oak Creek Bridge	\$ 19,974.82		\$ 19,974.82	
State Highway Maintenance	\$ 51,132.53	\$ 51,132.53		
State Road (S. B. 51).....	\$ 118,368.83		\$ 118,368.83	
Tumacacori Mission	\$ 1,000.00		\$ 1,000.00	
	\$ 3,432,002.34	\$ 2,677,746.35	\$ 754,255.99	\$.15821

8. INTEREST AND REDEMPTION:

Interest on Registered Warrants and Bonded Debt.....	\$ 141,649.09		\$ 141,649.09	
Redemption	\$ 635,262.44	\$ 600,000.00	\$ 35,262.44	
	\$ 776,911.53	\$ 600,000.00	\$ 176,911.53	\$.03711

9. MISCELLANEOUS:

Free Employment	\$ 2,500.00		\$ 2,500.00	
Land Settlement Com.	\$ 85,171.23		\$ 85,171.23	
Printing Portraits	\$ 150.00		\$ 150.00	
Premium on Bonds of State Officials	\$ 502.50		\$ 502.50	
Relief Bills	\$ 24,418.62		\$ 24,418.62	
Bar Examiners	\$ 560.29		\$ 560.29	
Board of Pharmacy	\$ 1,429.00	\$ 1,429.00		
Chiropractic Examiners	\$ 558.04	\$ 558.04		
Dental Examiners	\$ 832.98		\$ 832.98	
Medical Examiners	\$ 2,469.05	\$ 2,469.05		
National Forest	\$ 69,548.76	\$ 69,548.76		
Nurse Examiners	\$ 474.74	\$ 474.74		
Transient Herd Tax	\$ 215.90	\$ 215.90		
A. & E. Registration	\$ 1,751.98	\$ 1,751.98		
	\$ 190,583.09	\$ 76,447.47	\$ 114,135.62	\$.02390

10. ACCOUNTS PAYABLE

Encumbered Balances from pre- vious year paid during this fiscal year	\$ 97,899.78		\$ 97,899.78	\$.02053
	\$ 9,101,377.91	\$ 609,697.03	\$ 3,724,524.72	\$ 4,767,156.12
				\$ 100.00

The distribution by groups in this statement is identical with the distribution as used in the first, second and third State Budgets.

The table which appears above shows a tabulation of figures pertaining to state finances, which was prepared in the office of the State Auditor, and will become a part of a more detailed annual report of the State Auditor, covering the fiscal year 1922-1923. The grouping of those figures as stated in the table, follows the same distribution and grouping as used in the three state budgets cover-

ing the three previous fiscal years. That being so, comparisons as between the aggregates of taxes for each group, of aggregates of non-tax funds available and expended, and the per centages out of totals of tax raised funds used for each class. Such comparisons made with the budget figures as to expenditures of the previous fiscal year, 1921-1922, show that \$156,347.00 was expended in that

year for purposes classed as "legislative and judicial", as against the larger total of \$234,788.03 for the year covered by the table above. That for purposes classed as "health, penal and charitable", \$492,317.00 was expended in the former year as against \$518,896.60 in the latter year. For "military" purposes, the first year—1921-1922—cost the state \$49,632.00 as against \$65,000.-

(Continued on page Six)

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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Statement of State Expenditures

(Continued from page Five)

00 expended in the year 1922-1923. The educational purposes of the state cost \$3,508,307.00 in 1921-1922, as compared with \$3,137,219.75 expended in the year 1922-1923. The "administration" expenses for the year 1921-1922 amounted to \$264,560.00, and increased to \$333,995.63 in year 1922-1923. Under the heading "agricultural" a total of \$226,882.00 was expended in the former year and \$264,081.16 in the last year compared. For "public works", the \$3,147,474.00 expended in year 1921-1922, increased to \$3,432,002.34 in year 1922-1923. The main difference under the heading of "interest and redemption" as between the \$315,091.00 used for that purpose in 1921-1922, and the total of \$776,911.53 paid out in 1922-1923, comes about through the fact that state redemption funds which had accumulated during several previous years were used in the latter year. That being so, the increased amount though shown under the head of "expenditures" is not in a strict sense for comparative purposes, a proper amount to charge in its entirety to the latter year.

The total tax money expended for the year 1922-1923, as shown by the table was \$4,767,156.12.

Every state Auditor's report since statehood has given a figure or figures of "total expenditures", the report above shown puts \$9,101,377.91, as the total of such expenditures for the year 1922-

1923. These figures are undoubtedly correct as a matter of purely expert bookkeeping, for the reason that such total includes funds which passed through the state treasurer's hands, were received and paid out, in the sense, that final control of portions of the amount of that total, passed from the state to the counties. So far as the state books go, it was thus expended, and properly so posted to become a part of the total shown. But when it is desired to arrive at the total from money received by the state, for strict support of state institutions, and state activities of the state as distinct from county activities, and when that total is desired to show just how much in amount of public funds passed through state officers entirely out of further public control into the hands of private creditors of the state itself, becoming such through the activities of any given year, the total figures classed in these reports and gathered into totals of "Expenditures", are not true totals. For illustration purposes of above statement, the state treasurer receives amounts from the United States as distributions from forest reserve earnings, these amounts pass along direct to the counties having forest reserves. In the state reports, the amount of these earn-

ings are "expended", when transferred to the counties. So with the "75 per cent county portion" of state road tax funds. The total of these funds are raised by direct state tax, and accumulations of motor vehicle licenses and gasoline taxes. As a matter of state bookkeeping, the seventy-five per cent portion of the total is expended when turned over to the counties by the state treasurer. Expended, but not in fact spent, until the counties use the funds in highway construction and maintenance.

Until such time as a complete report from the State Auditor is available, no figures can be given which will show exactly how much it cost the state to operate strictly state activities for the year 1922-1923. It being also true, that the matter of encumbered balances in funds, as against actual balances of those funds at the beginning of the year, must also be considered in connection with balance and encumbrances at the end of the year, as well as all items of "bookkeeping expenditures" as distinct from funds actually spent in the sense as above distinguished, is a matter which enters into the total cost of state operations in one year, as compared with its operation cost of any other year or years.

BE A BUILDER

The state of Arizona if it has a population of three hundred and forty-five thousand, should have the proper seed for a like number of builders. In other words, each and every citizen of Arizona, whose livelihood, whose hopes for success in business, or for success in the particular line of endeavor adopted by each citizen for his or her work in life, should be a builder. Should be a builder in the broadest sense in which that word can be used and comprehended in connection with individual efforts, community efforts, and unanimous efforts of a united public citizenry, towards the upbuilding of the towns and cities of Arizona, towards the intensified use of the fertile soils of the agricultural lands of the state, towards a continued operation of the mines, and towards increased development of present prospects of all kinds, and by branching out into new fields of effort and development, until cities and towns may hum with the wheels of progress, and the rural communities may thrive as producers for toilers and workers among those wheels. With all this done, Arizona will surely come to her own as a more populous, more wealthy, and more permanently progressive state, and do so without

further effort upon the part of its people.

Yes, the state of Arizona needs three hundred and forty-five thousand such builders. Builders whose whole heart and soul center around the opportunities for progress and success which may be found in Arizona. Opportunities which already exist and are available to those who really accept them with a persistent determination to work those opportunities to the fullest extent possible, make their particularly selected opportunity a particular hobby, and follow with it to the end.

Permanency of Public Institutions and Progress and Homebuilders Go Hand In Hand

The stability of the state of Arizona, or of any state, in fact lies in the permanency which follows the path of real homebuilders. Real estate is the stabilizing factor which lies at the foundation of fixed wealth of city, state or nation. When the real estate of any community is held and owned by persons to whom their holdings are looked upon as real homes, by such persons who have acquired such homes as a part of their plans to live in and grow up with the country, then to the extent of the numbers of persons who are now, and who

hereafter become homebuilders of the class referred to above, the union of real estate values as a basis of wealth, with a fixed population of owners speaks for permanency not only in the wealth of the state, but speaks for permanency of population, and make a combination which goes resistlessly along towards permanent progress of the state, its institutions of learning, its business activities, and for sure results to the efforts of those who take up a banner with the slogan "be a builder", indelibly stamped thereon.

Build Surely and if Necessarily Slowly. As Contrasted to Methods of Booming Etc.

To be a builder, does not mean that individuals must start out to be boomers. Individual successes cannot come from pipe dreams, nor from building air castles. The foundation for the upbuilding of states, of communities in states, including the cities and towns, is based upon the collective results of individual successes of the people who are part and parcel of the population thereof. If the final result of success to be attained by the people of the present generation in Arizona, is to be a stepping stone towards continued advancement and success for future generations, that stone of success must be made up of the little things which have been used by individuals toward their own success. At no time can the aggregate result exceed the combination of the units going into that combination.

Arizona should all be builders. Builders whose success depends upon steady energy exerted through thrifty ways, and constant plugging along from a sure start to a certain end. Make the best of what is at hand. Take constant and repeated advantage of the little opportunities which lead in the direction of building a success. All Rome was not built in a day. The pyramids of Egypt were the product of years of toiling by the hands of thousands of workers. Those who started did not expect to witness the laying of the cap stones, they were satisfied with the knowledge, that however slow the work, the end would speak for success of what was undertaken. If the result of their labors, viewed with present day eyes, is of doubtful value, that labor stands side by side with its results as it has stood for thousands of years, as a monumental object lesson of what may be accomplished through slow, certain, and continued efforts from a means to an end. That object lesson is still before us. It speaks for itself. Certainly those workers made the very utmost use of everything at hand suitable for their

undertaking. They wrought from nature's storehouses to finished results. Rome rose and fell. It came to the height of its glory when its emperors and people were all united for building a truly greater Rome. It fell when those same people lapsed from their ways of thrifty progress, into ways of luxury, idleness, ease, and into ways through which the idlers, dissipated the accumulations of the past, faster than the toilers could replace. Rome is great today in the greatness of its ruins which still present another object lesson of what was and what only remains, through a change from earnest purpose among its people to build for the present that the present be great in itself, and at the same time lay the sure foundation for continued greatness, all changed through gradual inroads of ideas of luxury, of living today with no thought of the tomorrow, and resulting stagnation and disintegration of the very foundations of success.

Arizona Needs the Community Effort of its Entire People for Progress.

Arizona desires the benefit of builders for its success. It desires real builders. It desires no mushroom growth today, which may disappear tomorrow. Its people have no time for speculative get-rich-quick plans and schemes, and consequently should turn deaf ears to would be Wallingfords. It desires builders who will make an honest survey of what is presently available. It desires the activities of those who will make every available acre of its irrigated lands teem with growing crops, and become productive of other determined efforts of homebuilding ranchers and farmers. Arizona needs the community effort, and indeed the real united effort of its entire people not so much to plan new enterprises, similar to those already here, but to discuss, to consider, and if possible to devise ways, in which present enterprises, class by class, general activities of each kind and character may be developed into larger units. For the producers the question of a profitable marketing of their production. For community efforts, the problem of furnishing that market. The latter effort may involve new enterprises and new activities, as a direct means to the direct end of making it profitable for individuals to utilize the present opportunities for production with the means already at hand. If the distance from places of production to the consuming markets of the country is too great to meet the competition of nearby producers, is an element against profitable production in Arizona, then the problems of the community builders is to devise ways to overcome such impediments to successful and

profitable production in Arizona. The mountains of Arizona are filled with all kinds of mineral. The producers of mineral become consumers of products of the ranchers. It might be possible through community effort to become in Arizona producers of finished products of iron, copper, and other minerals. Possible, perhaps to blazen the way to creating thousands of toilers, who in turn would be consumers of the products of the ranchers, cattlemen, sheepmen, and other food producers, by working out the problem of "from the mines to the ultimate consumers" of finished products. That same problem might take on a more enlarged scope. It might go to the extent of becoming a case of "from cattle and sheep to the wearers of clothes and shoes", and from the orchards, and gardens of Arizona, to the shelves to the canned goods supply of the grocers of the whole country. The problem tendered above to would be community builders, includes the answering of the question. "If the profitable marketing of raw products of the farms, the ranches, the mines, or of other producers of such products is not possible through distances to market, or through any other present cause, then will the same causes defeat a profitable marketing of finished products from the raw products as now produced for marketing."

If the expenses of production are too high under present conditions in Arizona, then the community builders have before them the problem of undertaking to lesson that expense. It is quite elementary that if among the factors of such an excess expense existed which could be changed by individual action and between individuals, that change would be effected speedily. It is strangely true, however, that it is often the case, that the efforts of community builders is directed to the promotion of new public improvements, to such improvements as make a show, but fill no real necessity, which fail to decrease the burdens of production, and in actual fact increase those burdens by increasing taxation. Thus the problem presented to community builders, is one which includes a hard-fisted handling of every public proposition which calls for increased expenditure of public money, and do so, regardless of whether that money can be raised upon the tax-rolls of a year, or spread over the tax-rolls of years as interest upon bond issues, and final payment of bonds. **These builders should be so hard-fisted in connection with such propositions as to public expenditures, that real necessities be met so far and no farther than the striving producers who must meet the payments**

in taxes paid by them, can afford the increased expense so made. The so-called hard-fisted farmer does not tear down an old house, borrow the money, and build a new and luxurious house, when times are hard, crops poor, and sales prices of his products low. Cannot afford it is the answer, such a farmer makes. What the individuals cannot

afford, and when they cannot afford it, should be the criterion for a determination of whether the community at large can afford new burdens, which in turn increase the individual burdens of taxpayers.

Arizona will welcome its builders, will extend a welcome greeting to individual builders, and to communities of builders. Arizona does not, however,

desire to be deceived. It does not desire boomers, speculators, nor money mad schemers. If it has builders, it wants the real article. A reader of the foregoing, can judge as to what idea the Magazine has about what constitutes the real article when it comes to actually building for a greater, and permanently greater Arizona.

COMMENDABLE ECONOMY IN STATE AFFAIRS

Just how much of the disbursements for highway purposes through state supervision have been disbursements made on account of the salary expenses of the State Highway Department in its entirety, is not known, for reason of the fact that no official segregation of the items of that expense has been prepared or submitted to the public. It is known that for some months but little actual new highway construction, has been undertaken by the State Highway Department, due to a lack of presently available construction funds for that purpose, and due also to the fact that the law has been so construed as not to permit the registration of warrants drawn against anticipated highway fund receipts. It is known that regardless of such lull in actual construction of highways, the office and other organization employees of the highway department have been kept upon the state salary list, and that the permeating uneasiness among many of such employees was as to whether enough funds would come in to meet the payroll warrants which had to be drawn twice a month, from a constantly decreasing highway fund account upon the treasurer's books. The heretofore general policy which had become almost a fixed policy for controlling the question of public employment in public offices, had not been one which would prepare some seventy-five of the persons upon the pay-roll of the highway department, in office, clerical, engineering, and other branches of that department, for the shock of a sudden dismissal. The policy of keeping an office organization once created intact, and doing so through a term of office and continued terms of office, and doing so regardless of any question of immediate and continued demand for such continuation of employment, came to an abrupt change, when the first of December came around, and with it came empty chairs and vacant desks which had been formerly used by employees of the highway department then dismissed for lack of business requiring their further services. It is understood that this action was taken through dir-

ection from the Governor. Understood also that the controlling reason for the action was one towards economy. The reason and the action which followed thereon are to be commended by taxpayers. It is not alone the matter of saving the state and in consequence thereof, saving the state taxpayers a possible one hundred and twenty-five to one hundred and fifty thousand dollars a year, which appeals to taxpayers, and calls for their earnest approval, but the precedent for the action itself, becomes a precedent which if followed out and put into effect throughout every public office in the state, whether it be a county, city, town, or other office, might bring about still greater results in actual saving of the public funds, and thus still greater economy in the cost of maintaining public activities, and still greater relief to taxpayers by elimination of like instances of unneeded public employees wherever and whenever, actual public requirements do not warrant a continuation of such employments.

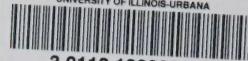
Still another instance of action towards conserving and saving the taxpayers' money, comes through the announcement from the Executive office than no extra session of the state legislature will be called. The direct saving to present state funds will amount to approximately seventy-five thousand dollars. Again the motive which prompted that announcement, is one of economy as against any imperative present need for action by the legislature upon any public questions which would have been presented to a special session, is a motive which will be commended by taxpayers.

When the situation is reviewed in candid thought, two things will come to the mind of the taxpayers of the state. The first, that no reason exists why a public office created for the conduct of any public activity whatsoever, should not control its overhead expense in the way of salaries to employees and in the way of other expenditures, according to the exigencies of the time. More business to be done, more employees if needed to do that business in an efficient

proper manner. Inversely, less business fewer employees. Just a simple rule which is followed in private business activities as a matter of pure business. A rule of private business was applied to public business. The second thought is that since statehood there has been several special sessions of the legislature, portions of the public seem to have held important public matters in reserve from the regular sessions of the legislature, to be put through in a special session. The taxpayers have heretofore footed the bills of regular and special sessions. The object lesson from the present attitude of the Governor is in one aspect at least, lies in the fact that two years elapse between regular legislative sessions. There is no reason why every important public matter cannot be fully presented to the public, nor why public opinion cannot be thoroughly weighed upon any such public question, and with that weighing presented to the legislators at the regular sessions. The legislature is more likely to be actually deceived by a semblance of what seems to be the majority weight of public desire if suddenly called into special session with special questions presented for its action, than it would be at regular sessions, with those same questions presented after two years of discussion among the constituents of the respective members of any legislature. The idea of trying to get something through a regular session of the legislature, and if turned down in that session, then trying to get relief at the expense of a special session, is an expensive idea to taxpayers. Such ideas are wholly inconsistent with principles of public necessity and incidental public economy.

The Governor seems to have started the boat with two oars in a course directed towards economy. It is to be hoped that his course will be continued in the same direction, and that other public officials throughout the state, will join in a general regatta towards economy through saving the money of taxpayers from the payment of unnecessary salaries and unnecessary expenses in connection with public business.

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